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United States Code, Title 15:

Trademark Act of 1946 (Lanham)

Section 3 (15 U.S.C. § 1053.) Service marks registrable

Subject to the provisions relating to the registration of trademarks, so far as they are applicable, service marks used in commerce shall be registrable, in the same manner and with the same effect as are trademarks, and when registered they shall be entitled to the protection provided herein in the case of trademarks, except when used so as to represent falsely that the owner thereof makes or sells the goods on which such mark is used. The Commissioner may establish a separate register for such service marks. Applications and procedure under this section shall conform as nearly as practicable to those prescribed for the registration of trademarks.

Section 5 (15 U.S.C. § 1055.) Use by related companies

Where a registered mark or a mark sought to be registered is or may be used legitimately by related companies, such use shall inure to the benefit of the registrant or applicant for registration, and such use shall not affect the validity of such mark or of its registration, provided such mark is not used in such manner as to deceive the public.

Section 7(b) (15 U.S.C. § 1057b.)
Same—prima facie evidence

A certificate of registration of a mark upon the principal register provided by this Act shall be prima facie evidence of the validity of the registration, registrant's ownership of the mark, and of registrant's exclusive right to use the mark in commerce in connection with the goods or services specified in the certificate, subject to any conditions and limitations stated therein.

Section 15 (15 U.S.C. § 1065.) Incontestability under certain conditions of right to use mark

Except on a ground for which application to cancel may be filed at any time under subsections (c) and (e) of section 14 of this Act, and except to the extent, if any, to which the use of a mark registered on the principal register infringes a valid right acquired under the law of any State or Territory by use of a mark or trade name continuing from a date prior to the date of the publication under this Act of such registered mark, the right of the registrant to use such registered mark in commerce for the goods or services on or in connection with which such registered mark has been in continuous use for 5 consecutive years subsequent to the date of such registration and is still in commerce, shall be incontestable: *Provided, That*—

(1) there has been no final decision adverse to registrant's claim of ownership of such mark for such goods or services, or to registrant's right to register the same or to keep the same on the register; and

(2) there is no proceeding involving said rights pending in the Patent Office or in a court and not finally disposed of; and

(3) an affidavit is filed with the Commissioner within 1 year after the expiration of any such 5-year period setting forth those goods or services stated in the registration on or in connection with which such mark has been in continuous use for such 5 consecutive years and is still in use in commerce, and the other matters specified in subsections (1) and (2) hereof; and

(4) no incontestable right shall be acquired in a mark which is the common descriptive name of any article or substance, patented or otherwise.

Subject to the conditions above specified in this section, the incontestable right with reference to a mark registered under this Act shall apply to a mark registered under the

Act of March 3, 1881, or the Act of February 20, 1905, upon the filing of the required affidavit with the Commissioner within 1 year after the expiration of any period of 5 consecutive years after the date of publication of a mark under the provisions of subsection (c) of section 12 of this Act.

The Commissioner shall notify any registrant who files the above-prescribed affidavit of the filing thereof.

Section 32(1) (15 U.S.C. § 1114(1).)
Remedies—Infringement

Any person who shall, without the consent of the registrant—

(a) use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive; or

(b) reproduce, counterfeit, copy or colorably imitate a registered mark and apply such reproduction, counterfeit, copy, or colorable imitation to labels, signs, prints, packages, wrappers, receptacles or advertisements intended to be used in commerce upon or in connection with the sale, offering for sale, distribution, or advertising of goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive;

shall be liable in a civil action by the registrant for the remedies hereinafter provided. Under subsection (b) hereof, the registrant shall not be entitled to recover profits or damages unless the acts have been committed with knowledge that such imitation is intended to be used to cause confusion, or to cause mistake, or to deceive.

Section 33(a) (15 U.S.C. § 1115a.) Remedies—Certificate of registration on principal register—Prima facie evidence of exclusive right to use mark

Any registration issued under the Act of March 3, 1881, or the Act of February 20, 1905, or of a mark registered on the principal register provided by this Act and owned by a party to an action shall be admissible in evidence and shall be prima facie evidence of registrant's exclusive right to use the registered mark in commerce on the goods or services specified in the registration subject to any conditions or limitations stated therein, but shall not preclude an opposing party from proving any legal or equitable defense or defect which might have been asserted if such mark had not been registered.

Section 33(b) (15 U.S.C. § 1115b.) Same—When conclusive evidence of exclusive right to use mark

If the right to use the registered mark has become incontestable under section 15 hereof, the registration shall be conclusive evidence of the registrant's exclusive right to use the registered mark in commerce on or in connection with the goods or services specified in the affidavit filed under the provisions of said section 15 subject to any conditions or limitations stated therein except when one of the following defenses or defects is established:

(1) That the registration or the incontestable right to use the mark was obtained fraudulently; or

(2) That the mark has been abandoned by the registrant; or

(3) That the registered mark is being used, by or with the permission of the registrant or a person in privity with the registrant, so as to misrepresent the source of the goods or services in connection with which the mark is used; or

(4) That the use of the name, term, or device charged to be an infringement is a use, otherwise than as a trade or service mark, of the party's individual name in his own business, or of the individual name of anyone in privity with such party, or of a term or device which is descriptive of and used fairly and in good faith only to users the goods or services of such party, or their geographic origin; or

(5) That the mark whose use by a party is charged as an infringement was adopted without knowledge of the registrant's prior use and has been continuously used by such party or those in privity with him from a date prior to registration of the mark under this Act or publication of the registered mark under subsection (c) of section 12 of this Act: *Provided, however,* That this defense or defect shall apply only for the area in which such continuous prior use is proved; or

(6) That the mark whose use is charged as an infringement was registered and used prior to the registration under this Act or publication under subsection (c) of section 12 of this Act of the registered mark of the registrant, and not abandoned: *Provided, however,* That this defense or defect shall apply only for the area in which the mark was used prior to such registration or such publication of the registrant's mark; or

(7) That the mark has been or is being used to violate the antitrust laws of the United States.

Section 34 (15 U.S.C. § 1116.) Remedies—Injunctions

The several courts vested with jurisdiction of civil actions arising under this Act shall have power to grant injunctions, according to the principles of equity and upon such terms as the court may deem reasonable, to prevent the violation of any right of the registrant of a mark registered in the Patent Office. Any such injunction may include a provision directing the defendant to file with the court and serve on the plaintiff within thirty days after the service on the

defendant of such injunction, or such extended period as the court may direct, a report in writing under oath setting forth in detail the manner and form in which the defendant has complied with the injunction. Any such injunction granted upon hearing, after notice to the defendant, by any district court of the United States, may be served on the parties against whom such injunction is granted anywhere in the United States where they may be found, and shall be operative and may be enforced by proceeding to punish for contempt, or otherwise, by the court by which such injunction was granted, or by any other United States district court in whose jurisdiction the defendant may be found.

Enforcement by other courts. The said courts shall have jurisdiction to enforce said injunction, as herein provided, as fully as if the injunction had been granted by the district court in which it is sought to be enforced. The clerk of the court or judge granting the injunction shall, when required to do so by the court before which application to enforce said injunction is made, transfer without delay to said court a certified copy of all papers on file in his office upon which said injunction was granted.

Notice of suit to Commissioner. It shall be the duty of the clerks of such courts within one month after the filing of any action, suit, or proceeding arising under the provisions of this Act to give notice thereof in writing to the Commissioner setting forth in order so far as known the names and addresses of the litigants and the designating number or numbers of the registration or registrations upon which the action, suit, or proceding has been brought, and in the event any other registration be subsequently included in the action, suit, or proceeding by amendment, answer, or other pleading, the clerk shall give like notice thereof to the Commissioner, and within one month after the decision is

rendered, appeal taken or a decree issued the clerk of the court shall give notice thereof to the Commissioner, and it shall be the duty of the Commissioner on receipt of such notice forthwith to endorse the same upon the file wrapper of the said registration or registrations and to incorporate the same as a part of the contents of said file wrapper.

Section 35 (15 U.S.C. § 1117.)
Remedies—Recovery for violation of rights

When a violation of any right of the registrant of a mark registered in the Patent Office shall have been established in any civil action arising under this Act, the plaintiff shall be entitled, subject to the provisions of sections 29 and 32 and subject to the principles of equity, to recover (1) defendant's profits, (2) any damages sustained by the plaintiff, and (3) the costs of the action. The court shall assess such profits and damages or cause the same to be assessed under its direction. In assessing profits the plaintiff shall be required to prove defendant's sales only; defendant must prove all elements of cost or deduction claimed. In assessing damages the court may enter judgment, according to the circumstances of the case, for any sum above the amount found as actual damages, not exceeding three times such amount. If the court shall find that the amount of the recovery based on profits is either inadequate or excessive the court may in its discretion enter judgment for such sum as the court shall find to be just, according to the circumstances of the case. Such sum in either of the above circumstances shall constitute compensation and not a penalty.

Section 39 (15 U.S.C. § 1121.)
Remedies—Jurisdiction of courts

The district and territorial courts of the United States shall have original jurisdiction, the circuit courts of appeal of the United States and the United States Court of Appeals for the District of Columbia shall have appellate

jurisdiction, of all actions arising under this Act, without regard to the amount in controversy or to diversify or lack of diversity of the citizenship of the parties.

Section 40 (15 U.S.C. § 1122.)
Remedies—Review by Supreme Court

Writs of certiorari may be granted by the Supreme Court of the United States for the review of cases arising under this Act in the same manner as provided for in cases under the patent laws.

Section 43(a) (15 U.S.C. § 1125a.) False designations of origin and false descriptions forbidden

Any person who shall affix, apply, or annex, or use in connection with any goods or services, or any container or containers for goods, a false designation of origin, or any false description or representation, including words or other symbols tending falsely to describe or represent the same, and shall cause such goods or services to enter into commerce, and any person who shall with knowledge of the falsity of such designation of origin or description or representation cause or procure the same to be transported or used in commerce or deliver the same to any carrier to be transported or used, shall be liable to a civil action by any person doing business in the locality falsely indicated as that of origin or the region in which said locality is situated, or by any person who believes that he is or is likely to be damaged by the use of any such false description or representation.

Section 45 (15 U.S.C. § 1127.) Construction and definitions

In the construction of this Act, unless the contrary is plainly apparent from the context:

Commerce. The word "commerce" means all commerce which may lawfully be regulated by Congress.

Related company. The term "related company" means any person who legitimately controls or is controlled by the registrant or applicant for registration in respect to the nature and quality of the goods or services in connection with which the mark is used.

Service mark. The term "service mark" means a mark used in the sale or advertising of services to identify the services of one person and distinguish them from the services of others. Titles, character names and other distinctive features of radio or television programs may be registered as service marks notwithstanding that they, or the programs, may advertise the goods of the sponsor.

Intent of Act. The intent of this Act is to regulate commerce within the control of Congress by making actionable the deceptive and misleading use of marks in such commerce; to protect registered marks used in such commerce from interference by State, or territorial legislation; to protect persons engaged in such commerce against unfair competition; to prevent fraud and deception in such commerce by the use of reproductions, copies, counterfeits, or colorable imitations of registered marks; and to provide rights and remedies stipulated by treaties and conventions respecting trademarks, trade names, and unfair competition entered into between the United States and foreign nations.

Title 15—Federal Trade Commission Act

Section 5 (15 U.S.C. § 45)

(a) (1) Unfair methods of competition in commerce, and unfair or deceptive acts or practices in commerce, are hereby declared unlawful.

* * * * * * *

Title 28—Judiciary and Judicial Procedure

§ 1257. State courts; appeal; certiorari

Final judgments or decrees rendered by the highest court of a State in which a decision could be had, may be reviewed by the Supreme Court as follows:

* * * * * * *

(3) By writ of certiorari, where the validity of a treaty or statute of the United States is drawn in question or where the validity of a State statute is drawn in question on the ground of its being repugnant to the Constitution, treaties or laws of the United States, or where any title, right, privilege or immunity is specially set up or claimed under the Constitution, treaties or statutes of, or commission held or authority exercised under, the United States.

§ 1338. Patents, copyrights, trade-marks, and unfair competition

(a) The district courts shall have original jurisdiction of any civil action arising under any Act of Congress relating to patents, copyrights and trade-marks. Such jurisdiction shall be exclusive of the courts of the states in patent and copyright cases.

(b) The district courts shall have original jurisdiction of any civil action asserting a claim of unfair competition when joined with a substantial and related claim under the copyright, patent or trade-mark laws.

THE SUPREME COURT OF PENNSYLVANIA

Western District

William H. Webb, Esq.
1502 Oliver Building
Pittsburgh, Pa. 15222

Re: *Zimmerman et al.* v. *Holiday Inns of America et al.*
Nos. 210, 211 & 213 March Term, 1969

Dear Mr. Webb:

Please be advised that the Court has entered the following Order on your Petition for Reargument in the above-entitled matter:

"July 2, 1970
Petition Denied.
Per Curiam"

Very truly yours,

HELEN D. STEELE
Deputy Prothonotary

HS:ad
cc: Harold R. Schmidt, Esq.
James L. Kurtz, Esq.

[J443]

IN THE SUPREME COURT OF PENNSYLVANIA

Western District

EUGENE W. ZIMMERMAN, t/d/b/a HOLIDAY MOTOR HOTELS; HOLIDAY HOTEL, COURTS, INC., HOLIDAY MOTOR HOTEL, INC.; HOLIDAY MOTEL AND INN, INC.; HOLIDAY MOTOR HOTEL RESTAURANT, INC.

v.

HOLIDAY INNS OF AMERICA, INC.; APICO INNS OF PENNSYLVANIA, INC.; BREEZEWOOD MOTEL CORPORATION; NEW STANTON MOTEL CORPORATION; LAUREL RIDGE RESTAURANT CORPORATION; NATIONAL HERITAGE ASSOCIATES, INC.; REPUBLIC MOTOR INNS, INC.; ADOLPH KRISCH; JOEL KRISCH; ALEX GREGORY; PHILIP SEIG; EMORY P. COOK; MRS. EMORY P. COOK; and ANN DODGE GOODBEE.

Nos. 210, 211 and 213, March Term, 1969

Appeals from the Final Decree of the Court of Common Pleas of Allegheny County, Pennsylvania, Civil Division at No. 1447. October Term, 1968 C, In Equity.

OPINION OF THE COURT

O'Brien, J. Filed: May 28, 1970

This is an action in equity wherein the plaintiffs seek to enjoin defendants from alleged unfair competition by their use of the name "Holiday Inn" in rendering motel, hotel and restaurant services within a geographical area of Pennsylvania. It also involves a counterclaim wherein the defendants petition to restrain the plaintiffs from

alleged unfair competition through plaintiffs' use of "Holiday Inn" as a dominant feature of the name "Holiday Inn Town," one of the plaintiffs' three motels.

The action was filed on July 31, 1963. In the complaint the plaintiffs (hereinafter called "Zimmerman" because Eugene W. Zimmerman is the real party in interest, as he controls all of the identified plaintiffs) originally asked that defendants be enjoined from using the mark "Holiday Inn" within a one hundred mile radius of Harrisburg and a corridor above and below the Pennsylvania Turnpike from the Ohio State line to the New Jersey State line. Further, Zimmerman contended that defendants willfully and deliberately planned and conspired to divert business away from him and to weaken and destroy whatever rights he had in the name "Holiday." Zimmerman alleged that this conspiracy and plan used an interlocking reservation and advertising system.

Zimmerman's claims were denied by the defendants. The defendants alleged that Zimmerman was not entitled to relief because he was guilty of unclean hands and unfair competition. Defendants also counterclaimed, seeking an injunction against Zimmerman's use of the words "Holiday Inn" in his "Holiday Inn Town" motel.

After a thirty-one day trial, concluded on February 18, 1965, over seventy witnesses and six hundred exhibits, the chancellor rendered his adjudication on May 9, 1968. The chancellor found that Zimmerman had established a secondary meaning to the name "Holiday" in the immediate area of Harrisburg, which area he did not define. The chancellor dismissed defendants' counterclaim, finding that Zimmerman's use of the name "Holiday Inn Town" since

1960 was not done deliberately to pass off his motel as one of those of defendants.

Exceptions were argued to the court en banc on June 27, 1968, and an amended adjudication was rendered on February 24, 1969. The final decree was issued on February 24, 1969, and it enjoined the defendants from encroaching upon Zimmerman's market area, which was found to be a twenty-two mile radius from the center of Harrisburg. Zimmerman and the defendants appealed.

As between Zimmerman and the defendants, he was the first user of the word "Holiday" for a motor hotel in the Commonwealth of Pennsylvania. Zimmerman decided in August, 1952, to use the name "Holiday" at his fifty-five unit motel at the Gettysburg Pike Interchange of the Pennsylvania Turnpike, which opened in 1953. Between July 8, 1953, and September 16, 1954, an additional thirty-five units were built, making the "Holiday" into ninety units. Zimmerman also owned and operated a fifty-unit motel at the East Harrisburg Interchange of the Turnpike. Originally called "Motel Harrisburg," since 1957 this motel has been designated as "Holiday East" and the motel at the Gettysburg Interchange has been identified as "Holiday West." In 1960 Zimmerman built an additional motel in downtown Harrisburg, midway between Holiday East and Holiday West, which was named "Holiday Inn Town."

The chairman of the defendant Holiday Inns of America, Inc., Mr. Kemmons Wilson, began his first motel in July of 1952, when he opened a Holiday Inn in Memphis, Tennessee. His first motel attracted a good deal of attention and was an immediate success. It became apparent to Mr. Wilson that he himself did not have sufficient financial resources to carry out his plans for a national system of

motels. Therefore, he contacted Wallace E. Johnson, now president of Holiday Inns of America, Inc., who at that time was a well-known homebuilder in the Memphis area. Mr. Wilson succeeded in convincing Mr. Johnson to join with him in his plan to create a national system of motels.

In March of 1953, Messrs. Johnson and Wilson wrote letters to various homebuilders around the country and asked them to come to Memphis, Tennessee, for a conference regarding their plan to create a national system of franchise motels. This conference and the concept of a national system of motels gained significance and national notoriety. Articles relating to this conference appeared in publications having national distribution such as "Hotel Management," "Business Week," "St. Louis Post Dispatch," "Wall Street Journal," and "Barrons."

This meeting of homebuilders was in March, 1953, and was the beginning of the national system of "Holiday Inn" motels. At this meeting franchises were granted for areas that covered praticially the entire United States.

In the spring of 1954, Zimmerman, while on a trip to Memphis, was informed that a motel under the name of "Holiday" existed there as part of a chain that intended to expand. Immediately upon return to Harrisburg, Zimmerman, in an effort to protect the name, on advice of counsel, formed various corporations, using the key word "Holiday."

Both Zimmerman and the defendant Holiday Inn chain have grown from these early modest beginnings. Zimmerman's motel at the Gettysburg Interchange, now known as "Holiday Motor Hotel West," had expanded by 1964 to three hundred air-conditioned rooms, with television and

telephone. It also has a restaurant, gas station, three-hole golf course, large ballroom, fully equipped with a revolving stage for presentations and convention facilities, olympic-size swimmnig pool and recreation room.

Zimmerman's motel at the Harrisburg East Interchange, now known as "Holiday Motor Hotel East," had expanded by 1964 to one hundred fifty air-conditioned rooms, a swimming pool, a restaurant, television and telephone in every room, and banquet and many other facilities. Zimmerman's Holiday Inn Town has four hundred fifty rooms.

During this same period, the defendants' dreams of a national chain of motels had become a reality. By 1964 the chain had grown to five hundred twenty-five members, each with the same advertising configuration (the words "Holiday Inn" written in script), known as the "Great Sign," and each with television, air conditioning, swimming pool, 24-hour telephone service, uniform operating procedures and an interlinking advance reservation and referral system.

Inevitably, these two motel empires had to clash. On June 30, 1958, the defendant Holiday Inns of America, Inc., reached Pennsylvania, where a licensee, B & C Motel Corporation opened a motel known as "Holiday Inn" near Allentown, Pennsylvania, about eighty miles from Zimmerman's "Holiday East" and about ninety miles from his "Holiday West."

On July 26, 1958, Zimmerman brought an action to restrain alleged unfair competition by the Holiday Inn chain. Judge Henninger of the Court of Common Pleas of Lehigh County granted the defendant's motion for compulsory nonsuit. Ultimately the case came before us and

we found that Zimmerman had not then proved the requisite secondary meaning of the Holiday name in the Allentown area. *Zimerman* v. *B & C Motel Corp.*, 401 Pa. 278, 163 A.2d 884 (1960). The opinion by Justice Bok ended with this paragraph:

> "We approve the lower court's leaving the case without prejudice, in case the parties extend their facilities in this rapidly expanding industry."

Since the *B & C Motel* case, the defendant Holiday Inn system has expanded to the point where, as of 1965, when this case came to trial, there were fifteen "Holiday Inns" in Pennsylvania. Thus, the fact situation is quite different from what it was the last time a dispute between these same parties came before this court.

However, the law is the same. In order to prove that he is entitled to relief from the courts in the form of an injunction to protect his use of the name "Holiday," from a competing use by the defendants, Zimmerman must prove that he has a legal right to exclusive use of the word "Holiday," that the defendant Holiday Inn is using a name or mark confusingly similar to Zimmerman's name or mark, and that defendant's use of the name is likely to cause confusion in Zimmerman's competitive area.

Although Zimmerman sought to enjoin the Holiday Inn system from operations all along the Pennsylvania Turnpike and in an area within one hundred miles of Harrisburg, the court found that Zimmerman was entitled to protection only in an area defined as twenty-two miles from the center of Harrisburg. In argument, counsel for Zimmerman took the position that this area was too limited in size and scope to affort him the full measure of relief to which he was entitled.

The Holiday Inn system contended that the court erred in finding that Zimmerman was entitled to any relief because, they contended, he had failed to prove he was entitled to exclusive use of the name "Holiday" and he was not entitled to relief in any case because he had been guilty of unclean hands through the use of the name "Holiday Inn Town" for his third motel. Moreover, they urged that if we found Zimmerman was entitled to some protection, we should find that his area does not extend a distance of more than fifteen miles from the center of Harrisburg. It appears that a twenty-two mile radius would include a proposed Holiday Inn in York, Pennsylvania. However, the record supports a finding that Zimmerman established a secondary meaning in the greater Harrisburg area, including York.

In order to have an exclusive right to the use of a common word like "Holiday," Zimmerman must prove that the name has taken a secondary meaning.

The term "secondary meaning" encompasses the situation where people in the trade or purchasing public come to think of a word or name as standing for the business of a particular owner, here, "Holiday" standing for the motel business of Zimmerman. *Zimmerman* v. *B & C Motel Corporation, supra, KoolVent Metal Awning Corp.* v. *Price,* 368 Pa. 528, 84 A.2d 296 (1951). The chancellor found that although Zimmerman had failed to prove that he had acquired a secondary meaning in "Holiday" throughout the state of Pennsylvania, he had established a secondary meaning in the word "Holiday" in the greater Harrisburg area.

The record amply supports this finding. Greater Harrisburg is the only area in which Zimmerman has rendered motel and restaurant services under the name "Holiday."

Zimmerman has done extensive advertising of his Holiday motels, but most of this advertising was confined to the Harrisburg area. The witnesses, whose testimony carried the most weight with the chancellor in establishing that Zimmerman had achieved a secondary meaning for his use of the word "Holiday," were people whose business brought them frequently to Harrisburg, such as George Bloom, former Secretary of the Commonwealth of Pennsylvania and now Chairman of the Public Utility Commission, and George M. Leader, former Governor of the State, both of whom testified that the generally accepted meaning of the word "Holiday" when used in relation to a motel or motor hotel among all people in government in Harrisburg with whom they had come in contact was one of Zimmerman's motels.

However, the chancellor did not find the testimony persuasive on the question of establishing a secondary meaning for Zimmerman's use of Holiday anywhere in Pennsylvania outside of Harrisburg. There was ample evidence in this case concerning extensive use of the word "Holiday" for motels and restaurants in Pennsylvania which were not connected with either Zimmerman or the Holiday Inn System. In addition, although many of Zimmerman's witnesses testified that they had seen "Holiday Inns" operated by the defendant system and they testified that they believed that the motels of both plaintiffs and defendants were all part of the same system, there was often no indication that Zimmerman's use of the name "Holiday" had acquired a secondary meaning in the minds of these witnesses, before these witnesses had seen or heard of the motels of the defendant system. Moreover, the witnesses chosen by Zimmerman's counsel to give testimony were not chosen at random

or by any scientific method. Only thirty witnesses were brought in, seven from the Philadelphia area, twenty-two from the Pittsburgh area and one from Harrisburg. There was no indication that they were representative of the estimated 5 to 8 million people who live along the Pennsylvania Turnpike. There was no indication of the total number of people who use the Pennsylvania Turnpike, and the geographic source for these travelers. Surely they do not all stem from within Pennsylvania. In view of the extensive advertising done by the defendant system, many of these travelers have probably heard of the defendant system's motels first rather than Zimmerman's motels in Harrisburg. See for a discussion of surveys, *American Luggage Works* v. *United States Trunk Co.*, 158 F.Supp. 50 (D. Mass. 1957); *Humble Oil & Refining Co.* v. *Standard Oil Co. (Kentucky)*, 229 F.Supp. 586 (S.D. Miss. 1964).

We agree with the chancellor. Only within a twenty-two mile radius of Harrisburg has Zimmerman's use of the name "Holiday" acquired a secondary meaning.

The defendant Holiday Inn Systems also contends that there is no confusion because their Holiday Inn sign does not conflict with Zimmerman's Holiday sign. The chancellor found that there was conflict because Holiday was the key word. We agree with the chancellor. Many witnesses testified that they did not remember whether the word "Holiday" was followed by the word "Inn" on either Zimmerman's or the defendants' motel. There were many instances of confusion in marking and in registration of guests. Moreover, various advertising done by the defendant Holiday Inns of America System clearly indicated that they, too, considered "Holiday" the key word.[1]

[1] For example, billboards advertising "Go Gulf, Go Holiday," an advertising symbol named "Johnny Holiday," and a national magazine campaign featuring the Holiday Inns and the Oldsmobile Holiday automobile.

Zimmerman's argument that the area described by the court order, a twenty-two mile radius from the center of Harrisburg, does not mark the full scope of his motel trading area is not relevant. We agree that a motel's trading area, in these days of high speed traffic, covers a wide range. However, Zimmerman is entitled to protection only where his use of the name has acquired secondary meaning, not in all parts of his trading area.

The case of *Travelodge Corporation* v. *Siragusa*, 228 F.Supp. 238 (N.D. Ala. 1964) and the case of *Quality Courts United* v. *Quality Courts*, 140 F.Supp. 341 (M.D. Pa. 1956), both cited in the brief for Zimmerman, can be distinguished from the instant case.

In both of those cases the plaintiffs had established secondary meaning for their names throughout the area where defendant was operating its motel. Here, such secondary meaning was confined to the Harrisburg area.

We find no merit to defendant Holiday Inns of America's contention that Zimmerman's claim to relief is barred by his alleged act of unclean hands in using Holiday Inn Town for his third motel. The record supports the chancellor's finding that Zimmerman's use of the name "Holiday Inn Town" since 1960 was not done deliberately to pass off his motel as one of defendants'.

Zimmerman's use of the words "Holiday Inn" for the Holiday Inn Town motor hotel is but an extension of the name Holiday which we have already identified as the key word in the name Holiday Inn.

Moreover, there was no attempt to copy the "Holiday Inn" mark. The advertising of Zimmerman's Holiday Inn Town is quite different from the script lettering and "Great

Sign" of the Holiday Inns of defendants' system. In no sense can the doctrine of unclean hands be applicable. Therefore, we agree with the chancellor. Zimmerman is entitled to relief and the counterclaim of the defendant system should be dismissed.

One more issue remains. The wording of the final decree prohibits the Holiday Inn system from "encroaching" on the area defined within a twenty-two mile radius of Harrisburg. Zimmerman contends that the word "encroaching" should include advertising as well as actual operation of motels. We disagree. As we have already said, Zimmerman is only entitled to protection within the zone of a circle with a radius of twenty-two miles of Harrisburg. If we barred the Holiday Inn System from advertising within that twenty-two mile radius, we would, in effect, be enlarging Zimmerman's zone of protection by diminishing the effective market area of the Holiday Inns which are outside that zone. This we will not do.

Decree affirmed. Each party to bear own costs.

Mr. Justice Cohen dissents.

Holiday
Inn

Court of Common Pleas of Allegheny County, Pennsylvania, Civil Division at No. 1447 October Term, 1963C, In Equity

EUGENE W. ZIMMERMAN, t/d/b/a HOLIDAY MOTOR HOTELS, HOLIDAY HOTEL, COURTS, INC., HOLIDAY MOTOR HOTEL, INC., HOLIDAY MOTEL AND INN, INC.; HOLIDAY MOTOR HOTEL RESTAURANT, INC.

v.

HOLIDAY INNS OF AMERICA, INC.; APICO INNS OF PENNSYLVANIA, INC.; BREEZEWOOD MOTEL CORPORATION; NEW STANTON MOTEL CORPORATION; LAUREL RIDGE RESTAURANT CORPORATION; NATIONAL HERITAGE ASSOCIATES, INC.; REPUBLIC MOTOR INNS, INC.; ADOLPH KRISCH; JOEL KRISCH; ALEX GREGORY; PHILIP SEIG; EMORY P. COOK; MRS. EMORY P. COOK; and ANN DODGE GOODBEE.

Adjudication.

(Filed May 9, 1968.)

STATEMENT OF THE PLEADINGS AND ISSUES INVOLVED

SMART, J.

This case is an action in equity wherein the plaintiffs seek to enjoin the defendants from alleged unfair competition by their use of the name "Holiday Inn" in rendering motel, hotel and restaurant services with

in a geographical part of Pennsylvania. It also involves a counterclaim wherein the defendants' petition to restrain the plaintiffs from alleged unfair competition through plaintiffs' use of "Holiday Inn" as a dominant feature of the name "Holiday Inn Town", one of plaintiffs' three motels.

The plaintiffs have alleged that the single word "Holiday" is the key word, and they seek to enjoin each of the defendants from using said word in their names in the operation of their business.

The real party in interest on the plaintiffs' side is the individual, Eugene W. Zimmerman, and the other identified plaintiffs are all controlled by Mr Zimmerman. The defendant, Holiday Inns of America, Inc., is a Tennessee corporation with headquarters in Memphis, Tennessee, and has licensed the other defendants to use the name "Holiday Inn" in their operation of the "Holiday Inn" motels in suit.

Legally, this case has at issue the right of the parties to use the word "Holiday" in the name of their respective motor hotels.

From the pleadings and the evidence produced at the hearings, we make the following:

FINDINGS OF FACT

1. Plaintiff, Eugene W. Zimmerman, is an individual and a resident of Mechanicsburg, Cumberland County, Commonwealth of Pennsylvania.

2. Plaintiff, Holiday Hotel Inn Courts, Inc., is a Pennsylvania corporation, with its registered office

in Cumberland County, Commonwealth of Pennsylvania. This corporation has never conducted any business and owns no motel, hotel or restaurant property.

3. Plaintiff, Holiday Motor Hotel, Inc., is a Pennsylvania corporation with its registered office in Cumberland County, Commonwealth of Pennsylvania. This corporation conducted no business until early 1960 or 1961 when it acquired the real estate for Holiday Inn Town.

4. Plaintiff, Holiday Motel and Inn, Inc., is a Pennsylvania corporation, with its registered office in Cumberland County, Commonwealth of Pennsylvania. This corporation was inactive until 1964 when it conducted tours and it owns no motel, hotel or restaurant property.

5. Plaintiff, Holiday Motor Hotel Restaurant, Inc., is a Pennsylvania corporation with its registered office in Cumberland County, Commonwealth of Pennsylvania. This corporation conducted a restaurant business in 1954, but none since that time and it owns no hotel, motel or restaurant property.

6. Defendant, Holiday Inns of America, Inc., is a Tennessee corporation, with its principal place of business at 3737 Lamar Avenue, Memphis, Tennessee, and is in the business of owning, leasing, operating and franchising and/or licensing others, to operate motor hotels or motels designated as Holiday Inn and Holiday Inn of America. Holiday Inns of America, Inc. regularly conducts business in Alle-

gheny County, Pennsylvania, through its wholly owned subsidiary HIOA, Inc.

7. Defendant, Apico Inns of Pennsylvania, Inc., is a corporation organized and existing under the laws of the Commonwealth of Pennsylvania, with its registered office in the City of Pittsburgh, Allegheny County, Pennsylvania, and owns and operates a motor hotel or motel designated as the "Holiday Inn" and "Holiday Inn of America" on the Steubenville Pike, near the Penn-Lincoln Parkway, Allegheny County, Pennsylvania.

8. Defendant, Breezewood Motel Corporation, is a corporation organized and existing under the laws of the Commonwealth of Pennsylvania, with its registered office in the City of Pittsburgh, Allegheny County, Pennsylvania, and operates a motor hotel or motel designated as the "Holiday Inn" and "Holiday Inn of America", located at the Breezewood Interchange of the Pennsylvania Turnpike, Bedford County, Pennsylvania.

9. Defendant, New Stanton Motel Corporation, is a corporation organized and existing under the laws of the Commonwealth of Pennsylvania, with its registered office in the City of Pittsburgh, Allegheny County, Pennsylvania, and owns and operates a motor hotel or motel designated as the "Holiday Inn" and "Holiday Inn of America" located at the New Stanton Interchange of the Pennsylvania Turnpike, Westmoreland County, Pennsylvania.

10. Defendant, Laurel Ridge Restaurant Corporation, is a corporation organized and existing under the laws of the Commonwealth of Pennsylvania. This corporation was not doing any business at the time of trial and it was not operating a restaurant in the motor hotel or motel designated as "Holiday Inn" located at the New Stanton Interchange of the Pennsylvania Turnpike, Westmoreland County, Pennsylvania, at the time of trial.

11. Defendant, National Heritage Associates, Inc., is a Pennsylvania corporation, organized and existing under the laws of the Commonwealth of Pennsylvania, with its registered office in Gettysburg, Adams County, Pennsylvania, and is operating a motor hotel or motel designated as the "Holiday Inn" and "Holiday Inn of America" located adjacent to U. S. Route 15 in Gettysburg, Adams County, Pennsylvania.

12. Defendant, Republic Motor Inns, Inc., is a corporation organized and existing under the laws of the Commonwealth of Virginia, and is duly qualified as a foreign corporation to transact business in Pennsylvania, and owns, operates and regularly conducts business in a motor hotel or motel designated as the "Holiday Inn" and "Holiday Inn of America" located on the Lititz Pike near U. S. Route 230 Interchange, Lancaster County, Pennsylvania.

13. Defendants, Adolph Krisch and Joel Krisch, are individuals and residents of the Commonwealth of Virginia. They have not and are not conducting

any business within the Commonwealth of Pennsylvania. They were not personally served anywhere within the Commonwealth of Pennsylvania and they have not appeared or otherwise submitted themselves to the jurisdiction of this court.

14. Defendants, Alex Gregory and Philip Seig, are individuals and citizens of the Commonwealth of Pennsylvania, and have obtained from the defendant, Holiday Inns of America, a franchise to construct and operate, either as partners or through a corporation, that they do or will own and/or control, a Holiday Inn and Holiday Inn of America motor hotel or motel in or near Sunbury, Pennsylvania. Said motor hotel or motel is now open and operating and is designated as "Holiday Inn" and "Holiday Inn of America".

15. In 1951, Mr. Kemmons Wilson, present Chairman of the Board and Director of Holiday Inns of America, Inc., took a motor trip with his family and traveled northeastward from Memphis, Tennessee. The Wilson family which at that time consisted of four small children, encountered many difficulties in obtaining decent overnight accommodations. They encountered many motels which rendered poor service at prices far in excess of the value of the services rendered. This situation stimulated Mr. Wilson's thinking. He knew as a home builder, his occupation at that time, that he could build a motel having decent accommodations at a reasonable price.

16. He was somewhat skeptical of entering this business, a business with which he was not familiar.

Accordingly, he studied the industry and as a result thereof conceived the idea of a nationwide system of motels.

17. With his basic concept in mind, Mr. Wilson engaged an architect to design a motel. The architect's renderings submitted to Mr. Wilson had scribbled thereon the words "Holiday Inn". Mr. Wilson like the euphonious sound of the name "Holiday Inn" and decided to adopt it for his national system of motels. From this time forward, the national system used unchangingly the name "Holiday Inn".

18. Construction of his first motel commenced in January of 1952, and it opened and received guests in July of 1952, in Memphis, Tennessee.

19. He knew if he was to create a national system of motels he would have to make his system distinctive and thus impress the public with the character thereof. In his consideration of the motel business, he decided to construct a distinctive sign that would be visible from both directions of travel along highways. He had such a sign designed, constructed and erected upon the site of his first motel in July, 1952.

20. This sign which has the same configuration as the one on the first motel is called the "Great Sign" and such sign is on the premises of every Holiday Inn motel throughout the United States. It is on the premises of every Holiday Inn motel in Pennsylvania.

21. His first motel attracted a good deal of attention and was an immediate success. It became apparent to Mr. Wilson that he himself did not have

sufficient financial resources to carry out his plans for a national system of motels. Therefore, he contacted Wallace E. Johnson, now president of Holiday Inns of America, Inc., who at that time was a well-known home builder in the Memphis area. Mr. Wilson succeeded in convincing Mr. Johnson to join with him in his plan to create a national system of motels.

22. In March of 1953, Messrs. Johnson and Wilson wrote letters to various home builders around the country and asked them to come to Memphis, Tennessee, for a conference regarding their plan to create a national system of franchise motels. This conference and the concept of a national system of motels gained significance and national notoriety.

23. Articles relating to this conference appeared in publications having national distribution such as *"Hotel Management"*, *"Business Week"*, *"St. Louis Post Dispatch"*, *"Wall Street Journal"*, and *"Barrons"*.

24. This meeting of home builders was in March, 1953, and was the beginning of the national system of "Holiday Inn" motels. At this meeting franchises were granted for areas that covered practically the entire United States.

25. At this meeting of home builders, a franchise was granted for the State of Pennsylvania. This was prior to plaintiffs' first use of "Holiday" in Pennsylvania; however, not until July 1, 1958, at Allentown, Pennsylvania, was a motel opened in Pennsylvania under the name of "Holiday Inn".

26. Since 1953, the "Holiday Inn" national system has grown rapidly and steadily and has accomplished the objectives of its founders. The number of "Holiday Inn" motels in the system on a yearly basis is as follows:

Year	*Number of Holiday Inn Motel In Existence*
1952	1
1953	3
1954	11
1955	16
1956	31
1957	44
1958	72
1959	114
1960	165
1961	223
1962	319
1963	433
1964	525

27. All "Holiday Inn" motels maintain uniform operating procedures and other features such as television, air conditioning, swimming pool, 24-hour telephone service.

28. Eugene W. Zimmerman is an individual long experienced in the motel business, having owned the Roof Garden Motel, Somerset, Pennsylvania, in 1940, the Ella-Gene Apartments in Fort Lauderdale, Florida, in 1946, and the Stone Crest Motel at the

Harrisburg West Interchange of the Pennsylvania Turnpike, 1950.

29. After his interest in the above motels and apartments was sold, Eugene W. Zimmerman entered into negotiations in the Fall of 1950 for the purchase of land on the Pennsylvania Turnpike and a 50-unit motel named Motel Harrisburg was opened to the public in the Summer of 1951.

30. In the Summer of 1952, negotiations were started to acquire land at the south side of the Pennsylvania Turnpike at the Intersection of Route 15 and the Pennsylvania Turnpike, known as the Gettysburg Exchange.

31. The name "Holiday" was selected for the motel that was to be built at the Gettysburg Exchange of the Pennsylvania Turnpike at a Zimmerman family meeting between the first of August and September 13, 1952, and was suggested by Eugene W. Zimmerman's son, Ronald.

32. In the Fall of 1952, construction commenced on this motel to be built on the south side of the Pennsylvania Turnpike at the Intersection of Route 15 on the Pennsylvania Turnpike, known as the Gettysburg Interchange. Construction was interrupted on December 8, 1952, until March of 1953 due to deaths in Eugene W. Zimmerman's family.

33. The name "Holiday" was used on the original plans for the motel at the Gettysburg Interchange, preparation of these plans having begun in late February of 1953, and ended on April 18, 1953.

34. On July 9, 1953, the "Holiday" at the Gettysburg Interchange was opened to the public under the name "The Holiday Motel", having 55 units.

35. Between July 8, 1953, and September 26, 1954, an additional 35 units were built, making the "Holiday" into 90 units.

36. On August 17, 1953, the name "Holiday Motel" was registered under the Fictitious Names Act in Cumberland County and in Dauphin County.

37. On August 19, 1953, a corporation was formed with the corporate name "Holiday Motel and Inn, Inc."

38. In the Spring of 1954, Eugene W. Zimmerman, while on a trip to Memphis, Tennessee, was informed that a motel, under the name of Holiday, existed there as part of a chain that intended to expand.

39. Immediately upon return to Harrisburg, Pennsylvania, Eugene W. Zimmerman, in an effort to protect the name, on advice of counsel, formed various corporations, using the key word "Holiday".

40. The individual plaintiff, Eugene W. Zimmerman, gave each of the corporate plaintiffs the use of the name "Holiday" for a motel or motor hotel and allied restaurant by instructing counsel to proceed and incorporate those corporations under their respective names all using the key word "Holiday".

41. The name "Holiday Motel" was changed to "Holiday Motor Hotel" on February 8, 1954, when

Eugene W. Zimmerman applied for membership in the Master Hosts Recommending Association.

42. On September 1, 1957, the name of the Motel Harrisburg, at the Harrisburg East Interchange of the Pennsylvania Turnpike, was changed to Holiday East. It is now known as Holiday Motor Hotel East.

43. The motor hotel at the Gettysburg Interchange of the Pennsylvania Turnpike has been named the Holiday Motor Hotel West since 1957.

44. The Holiday Motor Hotel West, at the Gettysburg Interchange of the Pennsylvania Turnpike, presently has 300 air conditioned rooms, with television and telephone. It also has a restaurant, gas station, 3-hole golf course, large ballroom fully equipped with a revolving stage for presentations and convention facilities, olympic size swimming pool and recreation room.

45. The motor hotel at the Harrisburg East Interchange of the Pennsylvania Turnpike, named Holiday Motor Hotel East, presently has 150 air conditioned rooms, a swimming pool, a restaurant, television and telephone in each room, banquet and convention facilities, ample parking and many other facilities.

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46. In May, 1960, plaintiff Zimmerman announced the building of a new motel in downtown Harrisburg, Pennsylvania, to be known as "Holiday Inn Town".

47. Many give-away items such as pencils, ball point pens, letter openers, plastic rain hats, plastic

key cases, plastic utility bags, coin purses, pigskin secretaries and wallets, memo and other expense notebooks, calendars, rulers, sun hats, telephone book covers, desk pads, stationery and envelopes, directories, nail files, money clips and shoe shine cloths have been distributed to the public by plaintiffs in an effort to publicize the name "Holiday". This distribution has continued from the beginning of the Holiday motor hotels up through the present.

48. Continuously from July 1952, to date, defendant, Holiday Inns of America, Inc., has used and extensively advertised, promoted and publicized "Holiday Inn" and the "Great Sign" Holiday Inns of America, Inc. has adopted and employed practices and policies to insure both uniform use of "Holiday Inn" and the "Great Sign" by its licensees.

49. Both of the parties hereto advertise extensively in travel and tour publications.

50. The record reveals that the key word involved in the name of the plaintiffs' and the name of the defendants' is "Holiday".

51. The voluminous instances where the single word "Holiday" was used proves that the key word involved in this lawsuit is "Holiday", and that any limiting words or words descriptive of the type of installation such as "Inn", "Motel", "Motor Hotel", are generally disregarded by the public.

52. Mrs. Constance Ames, a housewife from Cedars, Pennsylvania, testified that she had traveled

to Harrisburg on the Pennsylvania Turnpike for the last three or four years. She further testified that she assumed that the Holiday Inns of America and the Holiday Motor Hotel West and Holiday Motor Hotel East were all part of the same chain.

53. Mr. Christopher W. Ames, a high school teacher from Cedars, Pennsylvania, testified that he had traveled the Turnpike and used the Interchange at which Holiday Motor Hotel East is located for the last seven or eight years. He testified that he thought any Holiday Motel or Holiday Inn of America was affiliated with the Holiday Motor Hotels near Harrisburg. He further testified that when he heard the word "Holiday" in reference to a motor hotel, he thought of the ones near Harrisburg.

54. Mr. Albert J. Minissa, a deputy sheriff from Philadelphia, testified that he had traveled the Turnpike for the last five or six years. He further testified that he thought the Holiday Inn that was erected and operated in Philadelphia was part of a chain which included the Holiday Motor Hotel West and the Holiday Motor Hotel East.

55. Mr. Leon Testa, a deputy sheriff from Philadelphia, testified that he had traveled the Pennsylvania Turnpike for the last ten or twelve years. He further testified that when he heard the word "Holiday" in reference to a motor hotel, that he thought of the Holiday Motor Hotels East and West near Harrisburg on the Pennsylvania Turnpike. He further testified that when he saw any other motel named

"Holiday" or "Holiday Inn" that he assumed they were part of a chain including the Holiday Motor Hotel West and East near Harrisburg.

56. Mr. Edward A. Dattilo, a private investigator from Philadelphia, testified that he had traveled the Pennsylvania Turnpike for the last five or six years. He further testified that when he heard the word "Holiday" used in reference to a motor hotel, that he thought of the Holiday Motor Hotel West. Also, he testified that he thought Holiday Inns were related to the Holiday Motor Hotel West and the Holiday Motor Hotel East near Harrisburg.

57. Matthew F. Coppolino, an attorney from Philadelphia, testified that he had traveled the Turnpike from 1958 to the present time. He also testified that he thought all of the Holiday Inns were part of a chain including the Holiday Motor Hotel East and the Holiday Motor Hotel West.

58. Mr. John McCarrell, a union officer from Washington, Pennsylvania, testified that he had traveled the Turnpike for the last ten or eleven years. He further testified that when he heard the word "Holiday" in relation to a motor hotel, he thought of the "Holiday in Harrisburg". He further testified that he had stayed at a Holiday Inn of America near Toledo, because the Holiday Motor Hotel West near Harrisburg "was so good".

59. John W. McIlvaine, Jr., Esq., an attorney from Washington, Pennsylvania, testified that he had

traveled the Turnpike from 1953 until the present time. He also said that when he heard the word "Holiday" used in reference to a motor hotel, that he thought of the Holiday Motor Hotel West. Moreover, he testified that he thought the Holiday Motor Hotel West was the home office for the chain of Holiday Inns of America.

60. Mr. Clyde G. Tempest, an attorney from Monongahela, Pennsylvania, testified that he had traveled the Pennsylvania Turnpike for the last thirteen years. He said that when he heard the word "Holiday" used in reference to a motor hotel that he thought of the Holiday Motor Hotel West near Harrisburg. He thought the Holiday Inns of America were part of a chain originating in Harrisburg.

61. Mrs. Elsa M. McCloud, a housewife from Pittsburgh, Pennsylvania, testified that she had traveled the Turnpike for the last eight to ten years. She testified further that when she heard the word "Holiday" used in reference to a motor hotel that she thought of the Holiday Motor Hotel West in Harrisburg.

62. Mr. George E. Jenkins, a former assemblyman in the General Assembly of the Commonwealth of Pennsylvania, testified that he had traveled the Pennsylvania Turnpike for the last twelve years. He stated that when he heard the word "Holiday" used in relation to a motor hotel that he thought of the "original Holiday"—Holiday Motor Hotel West and

that he remembers the Holiday Motel Hotel West being built.

63. Mr. Patrick L. O'Connor, of Pittsburgh, a former President of the I.U.E., AF of L-CIO, testified that he has traveled on the Turnpike for the last ten or eleven years. He stated that he thought all Holidays, Holiday Inns of America and the Holiday Motor Hotels in Harrisburg were part of a chain.

64. Mr. Dennis D. Stevens, a former assemblyman in the General Assembly of the Commonwealth of Pennsylvania, testified that he had traveled the Turnpike for the last seven or eight years. He stated that when he heard the word "Holiday" used in relation to a motor hotel that he thought of the motel "at the Gettysburg Exchange" of the Pennsylvania Turnpike. He also stated that he presumed all Holiday Inns and the Holiday Motor Hotels near Harrisburg were all part of the same "group".

65. Mr. Lester W. Whisner, a real estate appraiser, from Turtle Creek, Pennsylvania, testified that he had traveled the Turnpike for the last eight or ten years. He stated that when he hears the word "Holiday" used in reference to a motor hotel, that he thinks of "the big one outside Harrisburg". He also testified that he assumed that the Holiday Inns of America were part of a chain including the Holiday Motor Hotel West and the Holiday Motor Hotel East.

66. Mr. Clifford C. Ammon, of Dunn Station, Pennsylvania, testified that he had traveled the Turnpike for the last eight or nine years. He stated that

when he hears the word "Holiday" used in reference to a motor hotel that he has always thought of the "motel at Harrisburg—the one that sits on the hill along the Turnpike". He further stated that he thought there was a "whole chain of them".

67. Mr. Louis L. Nascone, a claims investigator for the County of Allegheny, testified that he had traveled the Pennsylvania Turnpike from 1955 to the present and that he thought that the Holiday Inns and the Holiday Motor Hotel West and Holiday Motor Hotel East were all part of a chain.

68. Mr. Harry McNeelly, a private investigator from Washington, Pennsylvania, testified that when he heard the word "Holiday" used in relation to a motor hotel that he thought of the one near Harrisburg. He further stated that he thought the Holiday Inns of America and the Holiday Motor Hotels West and East were part of the same group. Mr. McNeelly testified that he had traveled the Pennsylvania Turnpike three or four times a year since 1946, except for two years when he was in Indiana.

69. Mrs. Bernadette McCarthy, a housewife from Gibsonia, Pennsylvania testified she had traveled the Pennsylvania Turnpike one or two times a year for the past eight years. She stated that when she hears the word "Holiday" used in reference to a motor hotel that she thinks of the "one going toward Harrisburg" on the Turnpike.

70. Mr. Alfred L. Clark, Sr., a retired investigator from Pittsburgh, testified that he had traveled

the Pennsylvania Turnpike about two times a year up until 1960. He stated that when he hears the word "Holiday" used in relation to a motor hotel, that he thinks of the one near Harrisburg—"the only one he ever saw on the Turnpike."

71. Mr. Howard Brown, a home remodeler, from Pittsburgh, testified that he had traveled the Pennsylvania Turnpike once or twice a month for the last four years. He further testified that when he saw the Holiday Inns of America being built in Pennsylvania that he assumed that the Holiday Motor Hotel West had "run out of space" and started opening up other units. He also testified that once he saw the word "Holiday", he assumed that any motel bearing that name was part of the chain originating at the Holiday Motor Hotel West.

72. Mr. Alfred L. Clark, Jr., a claims adjuster from McMurry, Pennsylvania, testified that he had traveled the Pennsylvania Turnpike approximately six times a year for the last ten years. He stated that when he hears the word "Holiday" used in relation to a motor hotel that he thinks of the "Holiday in Harrisburg". He also stated that the Holiday Inn of America near the airport was considered by him to belong to the "Holiday" West.

73. Mr. Frank G. Leto, of Pittock, Pennsylvania, a millwright, testified that he had driven on the Pennsylvania Turnpike approximately two times a year for the last eight to ten years. He then testified that

when he heard the word "Holiday" used in relation to a motor hotel or motel, that he thought of the "one at Harrisburg".

74. Mr. Kenneth Ciccone, of Pittsburgh, Pennsylvania, a mural artist, testified that he had driven the Pennsylvania Turnpike for approximately six or seven times a year for the last eight to ten years. He also testified that when he hears the word "Holiday" used in relation to a motel or a motor hotel, that he thinks of "that Holiday near Harrisburg".

75. Mr. John C. Clark, of Washington, Pennsylvania, a claims investigator, testified that he had occasion to drive on the Pennsylvania Turnpike for approximately ten times a year for the last eight to ten years. He stated that when he hears the word "Holiday" used in relation to a motel or a motor hotel, that he thinks of the big one near Harrisburg on the Pennsylvania Turnpike. He also testified that having stopped at the Holiday Motor Hotel West and having enjoyed his stay, that he stayed at Holiday Inns of America which he "thought was a chain" including the Holiday Motor Hotel West.

76. Mr. Lazzaro R. Tantalo, Jr., of Pittsburgh, Pennsylvania, a truck driver for Gimbels department store, testified that he had driven on the Pennsylvania Turnpike at least once a year for the last eight to ten years. He stated that when he hears the word "Holiday" used in relation to a motel or a motor hotel, that he thinks of the "real big one that is on the Turnpike".

He further testified that upon seeing the Holiday Inn located near the Allegheny County Airport that he considered it to be part of the Holiday Motor Hotel West and thought that the Holiday Motor Hotel West was expanding.

77. Mr. Gene DeAngelo, a construction worker from Pittsburgh, Pennsylvania, testified that he had driven on the Turnpike about once a year for eight to ten years. He stated that when he hears the word "Holiday" used in relation to a motel or motor hotel, that he thinks of the one near Harrisburg. He also stated that when he sees other motels with the name "Holiday" that he thinks "they were the same outfit",

78. Mr. Mario Melnicci, an attorney from Pittsburgh, Pennsylvania, testified that he thought the Holiday Motor Hotel West was a part of a chain including the Holiday Inns of America. He further stated that he had made reservations at Holiday Motor Hotel West and had ended up staying at the Holiday Inn of America at Gettysburg, Pennsylvania. When he called this error to the attention of the Holiday Motor Hotel West, they traced his reservation to the Holiday Inn at Gettysburg, Pennsylvania.

79. Mr. William Hayward, a sales tax investigator for the Commonwealth of Pennsylvania from Pittsburgh, testified that he had driven on the Turnpike from three to four times a year for the last five years. From 1950 to 1957 he traveled the Turnpike at least twenty times in each one of those years. He stated that when he hears the word "Holiday" used in rela-

tion to a motel or motor hotel, that he thinks of the Holiday Motor Hotel West located on the Pennsylvania Turnpike near Harrisburg.

80. Mr. George I. Bloom, the former Secretary of the Commonwealth of Pennsylvania, testified that when he hears the word "Holiday" used in relation to a motel or motor hotel, that he thinks of the Holiday Motor Hotel near Harrisburg. He also testified that the generally accepted meaning of the word "Holiday" when used in relation to a motel or motor hotel amongst all the people in government in Harrisburg, Pennsylvania, with whom he has come in contact, is the Holiday Motor Hotel West.

81. Mr. D. Maxwell Seeley, an executive assistant with the United States Steel Corporation from Pittsburgh, Pennsylvania, testified that he has seen the Holiday Motor Hotels East and West. His testimony indicated that when he hears the word "Holiday" used in relation to a motel or motor hotel, that he thinks of the "large one at the Gettysburg Pike Interchange" on the Pennsylvania Turnpike. He also thinks of the Holiday Motor Hotel East. Presuming that all "Holidays" were the same, he wrote to the Holiday Inns of America and sent it to Holiday Motor Hotel East. He testified that he made this error because he thought that all the "Holidays" belonged to the same chain.

82. Mr. Maurice B. Ginsberg, the executive secretary of the Eastern Pennsylvania Section of the Amer-

ican Camping Association, testified that for the last four or five years when he heard the word "Holiday" used in relation to a motel or motor hotel, that he thought of the one at the Gettysburg Interchange of the Pennsylvania Turnpike. He also testified as to an incident of confusion which involved him personally when he made a reservation with the O'Keefe Agency in Philadelphia at the Holiday Motor Hotel West and wound up at the Holiday Inn in Gettysburg, Pennsylvania.

83. Mr. George M. Leader testified that for a period of eight years, ending in 1959, he was first a Senator in the General Assembly and then Governor of the Commonwealth of Pennsylvania. Former Governor Leader testified that it was customary when notifying people in the government of political and governmental affairs that were to be held at the plaintiffs' motels to simply refer to them as the "Holidays". Former Governor Leader further testified that members of the legislature and specific individuals within the governmental, labor and political groups with whom he met, either at the Capitol or at the plaintiff motor-hotels, that the plaintiff motor-hotels were always referred to in terms of the name "the Holiday".

84. Since July, 1958, the defendants were under "Holiday Inn" and, on the other hand, Zimmerman under "Holiday", have operated motels in Pennsylvania. During this time Zimmerman has served approximately one-million guests.

85. Plaintiff introduced into evidence various letters addressed to one of the parties hereto but delivered to the other party hereto.

86. Continuously, from 1953 to date. Harrisburg, Pennsylvania, is the only area where Zimmerman has rendered motel and restaurant services under the name "Holiday".

87. The competitive area of a motel can be determined from a feasibility study which depends upon the following foctors:

(a) Terminal business (motel business) which results from a traveler coming into the immediate area of the motel because he has a business or social engagement within the area, including conventions and group business, trade shows, exhibits, horse shows, government business, military business, education, training and social matters and engagements.

(b) Transient business which comprises persons who stop for the night at the motel and then go on.

(c) Partially terminal and partially transient busines, including organized group tours which stay at the motel.

(d) Motel and hotel competition within the immediate area of the motel in question.

(e) Traffic counts past the motel location.

88. Travelers regularly stay at a motel close to their business or social engagement.

89. The banquet facilities, meeting rooms and ballrooms in Zimmerman's motels have attracted and produced substantial terminal business.

90. Only motels within the imediate Harrisburg area are in significant competition with Zimmerman.

91. Competition between motels at York, Lancaster, Gettysburg, Reading and Sunbury, Pennsylvania (towns 25-30 miles or more from Harrisburg), and Zimmerman's motels at Harrisburg is insignificant. Each of the Holiday Inn motels of the defendants' at York, Lancaster, Gettysburg, Reading, Sunbury, State College, Altoona, Johnstown, Irwin, Pittsburgh, Wilkes-Barre, Scranton and Philadelphia are in competition with Zimmerman's motels to an insignificant extent.

92. Competition between motels decreases as the distance between them increases.

93. Zimmerman was a member of the following associations which had advanced reservation systems, business referral arrangements and pooled funds for advertising:

(a) Master Hosts

(b) Superior Court

(c) AAA, American Automobile Association

Zimmerman received business from members of and referred business to members of the identified associations.

94. Advance reservation and referral systems are commonly used by well-known hotel and motel

chains, including Howard Johnson, Quality Courts, Nationwide, Marriott, Hilton, Sheraton, etc.

95. Defendants' advanced reservation system is operated similarly to the advance reservation systems of Howard Johnson, Hilton, Sheraton, etc. Guests at defendants' Holiday Inn motels are not persuaded to make an advance reservation with another Holiday Inn motel unless they wish to do so. Defendants' advance reservation system is a service provided for the guests at their option.

DISCUSSION

The voluminous and detailed Findings of Fact filed herewith, outline fully the factual circumstances of this case.

It was undisputed at trial that as between the plaintiffs and the defendants that the plaintiffs were the first users of the word "Holiday" for a motor hotel in the Commonwealth of Pennsylvania. The first use of the word "Holiday", by Zimmerman on the establishment, now known as the Holiday Motor Hotel West, in the ordinary course of business, was in the Summer of 1953. On the other hand, the defendants, Holiday Inns of America, first started to use the word "Holiday" in 1952 in Memphis, Tennessee. It was not until 1958 that the defendants' expanding chain found its way into the Allentown area of Pennsylvania.

The present individual plaintiff filed a suit against the Allentown motel, trading as the Holiday Inn of

America, and owned by the B & C Motel Corporation, whereby the plaintiff sought to enjoin the use of the word "Holiday". The case went to trial on May 26, 1959, in the Court of Common Pleas of Lehigh County, before President Judge J. F. Henninger. Judge Henninger granted the defendant's motion for a compulsory non-suit in that case. The plaintiff's motion to take off the compulsory non-suit being refused and plaintiff's bill in equity being dismissed without prejudice, an appeal was taken to the Supreme Court of Pennsylvania, which Court, considering the parties not to be in the same market area, affirmed Judge Henninger's Opinion. The opinion of the Supreme Court of Pennsylvania in *Zimmerman v. B & C Motel Corporation*, 401 Pa. 278, at page 284, ended with this paragraph:

> "We approve the lower court's leaving the case without prejudice, in case the parties extend their facilities in this rapidly expanding industry".

The defendant expanded its facilities, and the record indicates that the defendants have, since the time of the suit against theB & C Motel Corporation, opened more than 19 additional motor hotels with an additional 9 or 10 planned in this Commonwealth.

The Plaintiffs ask this Court to enjoin each and every one of the said defendants from using the key word "Holiday" in their names in any area of Pennsylvania where the plaintiffs' motor hotels have established a secondary meaning.

The law governing this case is clear and undisputed. Although this case is in equity, it involves the tort of unfair competition or confusion of business source. Such a tort has three elements. These three elements are (1) the imitating or using the name of another; (2) where the other's name has acquired a secondary meaning; and (3) in such manner as to actually confuse or to be reasonably likely to confuse the average purchaser as to the business source of the services sought. *Zimmerman v. B & C Motel Corporation, supra.* The name at issue is the single word "Holiday". The remaining portions of the names of the plaintiffs' and defendants' establishments are not significant. Judge Henninger, in his Opinion, stated:

> "It may also be conceded that the word 'Holiday' in the title is the key word and other limiting words are not likely to be recognized by the general public as distinguishing defendants' motel from plaintiffs', nor do we believe that defendants' 'great sign' serves the purpose of such distinction. It is the mark of identification of Holiday Inn authentication rather than one of distinction from other 'Holiday' motels. Nor do the words 'of America' serve to distinguish defendants' motel from plaintiffs'."

Both plaintiffs and defendants use the same name "Holiday" to identify the same type of business, in the same manner by means of roadside billboards and the distribution of brochures, etc.

In *Kool-Vent Metal Awning Corp. v. Price*, 368 Pa. 528 (1951), it was stated that descriptive, geographic and generic words, as well as words of common or general usage, belong to the general public and are not capable of exclusive appropriation by anyone. That case stated further that the general proposition of non-exclusivity is subject to the limitation or exception that if a word, even a word of general or common usage, has acquired in the trade or in the minds of the purchasing public a special or so-called secondary meaning, such word will be protected against infringement of others.

This term, secondary meaning, encompasses the situation where people in the trade or in the purchasing public come to think of a word or name as standing for the business *of a particular owner*, here "Holiday" standing for the business of plaintiff Zimmerman. When this happens a secondary meaning has developed. The new meaning—Zimmerman's "Holiday" equals "Holiday"—comes to be the primary meaning, and the enterprise has conferred meaning on the word. *Zimmerman v. B & C Motel Corporation, supra.*

The record is replete with evidence regarding the extensive use of the word "holiday" for motels and restaurants in Pennsylvania. "Holiday" has been used in connection with motels and restaurants in Pennsylvania in such places as Monroeville, Belle Vernon, Wilkes-Barre, Clarks Summit, Scranton, and Aliquippa. There is also extensive evidence that shows

that the word "holiday" is commonly used for motels and restaurants throughout the United States.

Defendants vigorously assailed testimony of the so called "public witnesses" as set forth in the Findings of Fact, pages 12 to 20, and contend that their testimony of so called "experts" should be given a greater weight. As a matter of fact both, plaintiff and defendant used "expert" testimony. We can agree with neither set. The plaintiffs, on the one hand, had taken in practically the whole State of Pennsylvania for a radius of 500 miles, North, East, South and West from Harrisburg. On the other hand, witnesses for the defendants had fixed a trading area embraced by the Zimmerman motels to almost a negligible amount. The public witnesses above mentioned are mostly the Members of the Legislature, persons whose business brought them frequently to Harrisburg, and particularly to testimony of George Bloom and Governor Leader, summarized briefly in Findings of Fact Nos. 80 and 83, respectively, to our mind, these witnesses have established a secondary meaning of the word "Holiday" within the Harrisburg area. It is to be noted that from the time of the decision of the Allentown case there has been a gradually increasing encroachment by the Holiday Inns of America toward the Harrisburg area and it seems certain that any further encroachments than what have already taken place, would be very confusing to the motoring public and amount to unfair competition.

DEFENDANTS' COUNTERCLAIM.

The counterclaim of defendants' is based primarily on the contention that Zimmerman, with knowledge of Holiday Inns, willfully and deliberately adopted and used the name "Holiday Inn" as the main feature of his motel "Holiday Inn Town" opened in Harrisburg. Defendants allege that this constitutes unfair competition and unclean hands. Defendants further contend that under such circumstances they need not show secondary meaning, that is, where intentional appropriation of a name is shown, there is no requirement for the establishment of secondary significance. Defendants request the Court to permanently enjoin Zimmerman from any and all use of the name "Holiday Inn" in regard to any of his motels and in regard to any and all corporate names.

The Chancellor is of opinion that Zimmerman's use of the name "Holiday Inn Town" since 1960 was not done to deliberately pass off his motel as one of those of defendants'. As stated hereinbefore, the key word at issue is "Holiday" not "Holiday Inn" or "Holiday Inn Town". The doctrine of unclean hands is not applicable under the factual circumstances of this case. Defendants' Counterclaim will be dismissed.

CONCLUSIONS OF LAW.

1. The word "Holiday" in the names of the plaintiffs' establishments and the defendants' establishments is the key word at issue and other limiting

words are not likely to be recognized by the general public as distinguishing defendants' motor hotels from the plaintiffs'.

2. Since "Holiday" is a common English word and since it has been widely used in the motel and restaurant business in Pennsylvania and in other businesses in Pennsylvania, plaintiffs must show a secondary meaning in "Holiday". In this regard, the plaintiffs' have a heavy burden of proof of showing secondary meaning in "Holiday".

3. The evidence introduced by the plaintiffs is legally insufficient to prove that the plaintiffs acquired a secondary meaning in "Holiday" throughout the State of Pennsylvania.

4. Plaintiffs have established a secondary meaning in the word "Holiday" in the Harrisburg area.

5. This Court has jurisdiction over all the parties except Adolph Krisch and Joel Krisch who are individuals and residents of the Commonwealth of Virginia. They have not and are not conducting any business within the Commonwealth of Pennsylvania. They were not personally served anywhere within the Commonwealth of Pennsylvania and they have not appeared or otherwise submitted themselves to the jurisdiction of this Court. Accordingly, the forwarding of a Complaint by registered mail to their office within the Commonwealth of Virginia is not such service as subject them to the jurisdiction of this Court.

6. The plaintiffs are not guilty of unclean hands and unfair competition against the defendants by the

adoption and use of "Holiday Inn Town" as the name of the plaintiffs' downtown Harrisburg motel.

7. The adoption of the name "Holiday Inn Town" by the plaintiffs:

(a) was not willful and deliberate;

(b) was not intended to misrepresent plaintiffs' motel and restaurant services as those of the defendants;

(c) was not intended to trade upon and profit from defendants' good will and advertising;

(d) was not intended to deceive, defraud and confuse the public.

8. The advance reservation system of the defendants' is an accepted and widely used business service of motels, hotels and public transportation carriers such as airlines, buses, railroads and ships. In its use and operation of this advance reservation system, the defendants fairly compete with the plaintiffs.

9. Since 1953, the plaintiffs have rendered motel and restaurant services only in the immediate Harrisburg area thereby defining the competitive area of the plaintiffs' motels.

10. No Holiday Inn motels, including the Holiday Inn motels of the defendants' in York, Lancaster, Gettysburg, Reading, Sunbury, State College, Altoona, Johnstown, Irwin, Pittsburgh, Wilkes-Barre, Scran-

ton, Philadelphia, are in competition with the plaintiffs' motels.

11. We leave open the question of the extent of the actual competitive area of plaintiffs' motels and decide only that it is not infringed herein. Therefore, the Complaint is dismissed without prejudice to plaintiffs' right to institute a new action should defendants encroach upon plaintiffs' market area. The Counterclaim is also dismissed for the reasons set forth herein.

DECREE *NISI.*

And Now, to wit, this 9th day of May, 1968, for the reasons set forth in the foregoing adjudication, it is hereby ordered, adjudged and decreed that the plaintiffs' Complaint and the defendants' Counterclaim be and same are hereby dismissed. The Holiday Inns of America to bear defendants' costs and plaintiffs to bear own costs.

Walter P. Swart,
Chancellor.

Court of Common Pleas of Allegheny County, Pennsylvania, Civil Division at No. 1447 October Term, 1963C, In Equity

EUGENE W. ZIMMERMAN, t/d/b/a HOLIDAY MOTOR HOTELS; HOLIDAY HOTEL, COURTS, INC., HOLIDAY MOTOR HOTEL, INC.; HOLIDAY MOTEL AND INN, INC.; HOLIDAY MOTOR HOTEL RESTAURANT, INC.

v.

HOLIDAY INNS OF AMERICA, INC.; APICO INNS OF PENNSYLVANIA, INC.; BREEZEWOOD MOTEL CORPORATION; NEW STANTON MOTEL CORPORATION; LAUREL RIDGE RESTAURANT CORPORATION; NATIONAL HERITAGE ASSOCIATES, INC.; REPUBLIC MOTOR INNS, INC.; ADOLPH KRISCH; JOEL KRISCH; ALEX GREGORY; PHILIP SEIG; EMORY P. COOK; MRS. EMORY P. COOK; and ANN DODGE GOODBEE.

Order of Court Amending Adjudication.

(Filed February 24, 1969.)

And Now, to-wit, this 24th day of February, 1969, after oral arguments, studying the briefs of counsel, and considering the exceptions filed, It is Ordered, Adjudged and Decreed that No. 90 of the Findings of Fact of the Adjudication previously filed be and the same is hereby amended as follows:

"90. Only motels within a radius of 22 miles from the center of Harrisburg are in significant competition with Zimmerman."

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Nos. 9 and 11 of the Conclusions of Law of the aforementioned Adjudication be and the same are hereby amended as follows:

"9. Since 1953, the plaintiffs have rendered motel and restaurant services in the Harrisburg area,

as defined in Findings of Fact No. 90 to be a radius of 22 miles from the center of Harrisburg."

"11. The prayer asked for in the Complaint is granted to the extent set forth in the Final Decree, a copy of which is attached hereto. The Counterclaim is dismissed for the reasons set forth in the Adjudication.

WALTER P. SMART,
Chancellor.

ORDER OF COURT AMENDING ADJUDICATION.

AND NOW, to-wit, this ..... day of ....., 1969, after oral arguments, studying the briefs of counsel, and considering the exceptions filed, IT IS ORDERED, ADJUDGED AND DECREED that No. 90 of the Findings of Fact of the Adjudication previously filed be and the same is hereby amended as follows:

"90. Only motels within a radius of 22 miles from the center of Harrisburg are in significant competition with Zimmerman."

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Nos. 9 and 11 of the Conclusions of Law of the aforementioned Adjudication be and the same are hereby amended as follows:

"9. Since 1953, the plaintiffs have rendered motel and restaurant services in the Harrisburg area, as defined in Findings of Fact No. 90 to be a radius of 22 miles from the center of Harrisburg."

"11. The prayer asked for in the Complaint is granted to the extent set forth in the Final Decree, a copy of which is attached hereto. The Counterclaim is dismissed for the reasons set forth in the Adjudication."

.....,

Final Decree.

(Filed February 24, 1969.)

Before: SMART, LEWIS and WESSEL, *JJ.*

AND NOW, to-wit, this 24th day of February, 1969, IT IS ORDERED, ADJUDGED AND DECREED that the defendants be enjoined from encroaching upon the plaintiffs' market area, which the Court has determined to be an area within a 22 mile radius from the center of the City of Harrisburg.

IT IS ALSO ORDERED, ADJUDGED AND DECREED that the Counterclaim is dismissed for the reasons set forth in the Adjudication.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that all exceptions are dismissed, except those relative to Findings of Fact No. 90 and Conclusions of Law Nos. 9 and 11.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Holiday Inns of America are to bear defendants' costs and plaintiffs are to bear their own costs.

BY THE COURT:
SMART *J.*

401 Pa. 278

Eugene W. ZIMMERMAN, Individually and trading as Holiday Inn Hotel Courts and Holiday Motor Hotel, Appellant,

v.

B. & C. MOTEL CORPORATION.

Supreme Court of Pennsylvania.

Sept. 26, 1960.

Before CHARLES ALVIN JONES, C. J., and BELL, MUSMANNO, BENJAMIN R. JONES, COHEN, BOK, and EAGEN, JJ.

BOK, Justice.

This complaint in equity asking for an injunction was non-suited, under Pa. RCP 1512, and plaintiff appealed after his rule to strike off the non-suit was discharged and his complaint dismissed. The court's final action was taken without prejudice.

Plaintiff owns and operates two motels, both at the Pennsylvania Turnpike in the Harrisburg area, one at Exit 15 and the other at the Route 230 by-pass. Both have been variously named, but all designations contained the key word "Holiday" until they are now established as "Holiday West" and "Holiday East". West was opened in 1953, East in 1957.

Holiday West is a quarter of a mile long. Both motels together represent an investment of over two million dollars and have all modern facilities such as restaurants and swimming pools. One has a revolving stage. Plaintiff advertises them extensively in trade issues and maintains road signs within fifty miles on the Turnpike and adjacent highways. He was the first in the State to use the word Holiday for a motel.

In 1958 defendant opened "Holiday Inn", also a motel, on U. S. Route 22 near the Lehigh Valley Interchange of the Northeast Extension of the Turnpike, in the Allentown area. It is 75 to 80 miles distant from "Holiday East" and 85 to 90 miles from "Holiday West". Two years before, defendant signed a license agreement with Holiday Inns of America, Inc., a Tennessee corporation then operating motels locally in Memphis but with ambition to establish by license and uniform regulations a national string of motels. Defendant maintains billboards on the Turnpike Extension but not near the plaintiff's locations.

Both parties cater to the public that travels by automobile.

The complaint being one of unfair competition, the question is whether the parties are competing in the same market, and, if they are, whether plaintiff has a position that he can defend against invaders.

There comes to mind at once the many National, Grand, Palace, Congress, Station, Railroad, Ambassador, and Mayflower Hotels that dot the nation, and it is likely that the public does not confuse them because the effective distinction is one of locality. The same hospitality is not necessarily expected in the Congress Hotel in Portland, Maine, as in the Congress Hotel in St. Louis, Missouri. The plaintiff suggests that it is different with modern turnpikes and long-distance driving, and founds his case on long-haul competition only: to the traveler from Arizona to Maine, he mentions as example, the distance between Harrisburg and Allentown is negligible and the competition for his patronage real. Plaintiff does not suggest the presence of local competition as the basis for relief.

We agree with the plaintiff that proof of fraudulent intent in the defendant is not essential nor is proof of financial loss or damaged reputation, or proof of actual

deception, tendency to deceive being enough in a proper case: American Clay Manufacturing Co. v. American Clay Manufacturing Co., 1901, 198 Pa. 189, 47 A. 936; Thomson-Porcelite Co. v. Harad, 1947, 356 Pa. 121, 51 A.2d 605; Golden Slipper Square Club v. Golden Slipper Restaurant & Catering, Inc., 1952, 371 Pa. 92, 88 A.2d 734; Goebel Brewing Co. v. Esslingers, Inc., 1953, 373 Pa. 334, 95 A.2d 523.

Here our agreement with the plaintiff ceases.

We are not dealing with a trade mark or a trade name, like Kool-Vent (Kool Vent Metal Awning Corp. of America v. Price, 1951, 368 Pa. 528, 84 A.2d 296) or Porcelite (supra, 356 Pa. 121, 51 A.2d 605), where we must determine whether there is sufficient similarity in the competing sign to amount to unfairness. Here we have a straight English word, holiday, and to decide whether its repetition by a competitor is unfair we must apply a different rule.

There is no question of what this rule is. It is set forth in the Kool Vent case, supra (368 Pa. 528, 84 A.2d 296, 298) as follows:

> "Descriptive, geographical and generic words, as well as words of common or general usage belong to the public and are not capable of exclusive appropriation by anyone. This general principle is subject to the limitation or exception that if a trade-name or trade-mark or other word or words have acquired, in the trade and in the minds of the purchasing public, a special or so-called secondary meaning, i. e., have come to mean that the article is the product of a certain manufacturer or of a particular individual or corporation, such trade-name or trade-mark or word or words will be protected against infringement * * *."

It is obvious that a secondary meaning cannot appear unless there is evidence of it, and there is none before us except a charge of $5.00 sent once by a utility company to plaintiff by mistake. As the court below indicated, one

swallow does not make a summer. Since plaintiff began suit five years after opening Holiday West, it is interesting to note that in Quaker State Oil Refining Co. v. Steinberg, 1937, 325 Pa. 273, 189 A. 473, 476, five years of marketing and national advertising was held not enough to associate the plaintiff's name with his product. We said:

> "The only evidence from which it could be inferred that the name of complainant's product had acquired a secondary meaning prior to 1919 is that its product has been marketed and had been nationally advertised for five years under this name. There is no other evidence from which it could be inferred that the public associated 'Quaker State' or 'Quaker' with the complainant's product at that time. 'The mere adoption and use of words in advertisements, circulars and price lists and on signs and stationery give no exclusive right to their use'. De-Long Hook & Eye Co. v. Hump Hairpin Mfg. Co., 297 Ill. 359, 364, 130 N.E. 765, 767. See, also, Continental Corp. v. National Union Radio Corp., (C.C.A.) 67 F.(2d) 938, 942. 'It is an accepted principle of the common law that mere advertising is insufficient to establish trade-mark use'. Derenberg, supra, p. 505."

There are other cases where dictionary words have been used. In Peters v. Machikas, 1954, 378 Pa. 52, 105 A.2d 708, the plaintiff used "Majestic Restaurant" and the defendant "Majestic Grille", and an injunction issued: the plaintiff had used the key word for over thirty years. In Hartman v. Cohn, 1944, 350 Pa. 41, 38 A.2d 22, plaintiff for twenty-six years had used "Dundee" in connection with his clothing and successfully enjoined the defendant who advertised as "Dundee Clothing Factory Sales Room". In the Quaker State case, supra (325 Pa. 273, 189 A. 473, 476), we said, quoting from Nims, Unfair Competition and Trade-Marks (2nd ed.), p. 105:

> "When the word is incapable of becoming a valid trade-mark, because descriptive or geographical, yet has by use come to stand for a particular maker or vendor, its use by another in this secondary sense will

> be restrained as unfair and fraudulent competition, and its use in its primary or common sense confined in such a way as will prevent a probable deceit by enabling one maker or vendor to sell his article as the product of another * * *."

We reject plaintiff's contention that he can pre-empt the word "Holiday" in Pennsylvania against all comers or that he can use it and expect protection from the courts because he might in future be harmed through use of it by someone else. Only evidence of a secondary meaning could aid him. To credit his argument, anyone could corner common English words simply by using them, and that has never been the law. The words do not confer meaning on the enterprise: the enterprise must confer meaning on the words.

Beyond this, we agree with the court below that the parties are not operating in the same market. The motels in question are too far apart for realistic competition, and we note that the letters and telegrams offered by the plaintiff as addressed to him are all but one addressed to "Holiday Inn", which rather puts him unfairly in competition with defendant if the evidence is to be credited at all. As for the mythical motorist from Arizona, he can be reduced to absurdity by starting him from Alaska and asserting that all Holiday motels on the Eastern seaboard are in competition for him.

We need not reach the question of what protection, if any, defendant has achieved by contracting with the Tennessee corporation. Suffice it to say that plaintiff has not met his burden of proof, and hence must fail.

We approve the lower court's leaving the case without prejudice, in case the parties extend their facilities in this rapidly expanding industry.

The decree is affirmed, costs to be paid by the appellant.

BELL, J., dissents.

UNITED STATES PATENT OFFICE

ered July 13, 1954

592,539

PRINCIPAL REGISTER
Service Mark

Ser. No. 639,168, filed Dec. 8, 1952

Holiday Inn

Inn Hotel Courts, Inc. (Tennessee cor-
n)
mer
, Tenn., assignor to
nns of America, Inc.

For: MOTEL SERVICES—NAMELY, PROVIDING LODGINGS AND MEALS IN MOTELS—in CLASS 100.

First used Mar. 1, 1952, and in commerce July 1, 1952.

The word "Inn" is disclaimed apart from the mark as shown.

(j) All of the defendants named herein have willfully and deliberately participated in a plan, carried out in Allegheny County and elsewhere in Pennsylvania, to unlawfully and unfairly place advertising and promotional matter containing the word "Holiday" in plaintiff Eugene W. Zimmerman's competitive market area so as to confuse prospective customers, weaken or destroy the secondary meaning plaintiff Eugene W. Zimmerman has acquired in the name "Holiday" as a result of an expenditure of considerable time, money and effort, and to divert and detour prospective customers away from plaintiff Eugene W. Zimmerman's Holiday motor hotels.

(k) All of said defendants have participated in a plan, carried out in Allegheny County and elsewhere in Pennsylvania, of interlocking reservations wherein they direct motor hotel customers to motels located in plaintiff's competitive market area unlawfully using the name "Holiday" and thereby assist others to compete unfairly with plaintiff Eugene W. Zimmerman, by diverting from plaintiff's motor hotels a portion of the traveling public which would otherwise normally and naturally use plaintiff Eugene W. Zimmerman's motor hotels.

33. On information and belief, all of the defendants herein had notice or knowledge of the plaintiffs' prior exclusive right to use the name "Holiday" in connection with motels or motor hotels in Central

35. The name "Holiday Inn", which is being used by all of the defendants herein in connection with motor hotel or motel facilities within plaintiff Eugene W. Zimmerman's competitive market area, is confusingly similar to the names to which the plaintiffs are respectively entitled and which name or names the plaintiff Eugene W. Zimmerman has registered under the applicable service mark and fictitious name statutes of Pennsylvania. The word "Holiday" is the key word in each such name. Such actions and activities of the defendants constitute unfair competition.

36. The signs used and erected in Allegheny County, and elsewhere in Pennsylvania, by the defendants in advertising their facilities are confusingly similar to those used by the plaintiff in that both the defendants' and the plaintiff Eugene W. Zimmerman's signs depart from the use of conventional block letters and in that they both deviate from the norm, are similar.

37. The advertising plan, program and activities, in Allegheny County, and elsewhere in Pennsylvania, of the defendants are such as to add to the confusion that will naturally exist with the placing of Holiday Inn motor hotels in the same competitive market area as plaintiff Eugene W. Zimmerman's Holiday motor hotels or motels.

38. Defendants are fully aware of the confusion that has been and will be caused by the naming of their motor hotel or motel facilities "Holiday Inn" and have nevertheless used and are using said name in

(b) In the furnishing of rooms and meals for transients traveling east and west on the Pennsylvania Turnpike and U. S. Route 230, north and south on U. S. Route 15, and for transients traveling on other major routes.

(c) In providing facilities for conventions.

(d) In providing restaurant, banquet and meeting facilities for local inhabitants.

38. The name "Holiday Inn", which is being used by all of the defendants herein in connection with motor hotel or motel facilities within plaintiff Eugene W. Zimmerman's competitive market area, is confusingly similar to the names to which the plaintiffs are respectively entitled and which name or names the plaintiff Eugene W. Zimmerman has registered under the applicable service mark and fictitious name statutes of Pennsylvania. The word "Holiday" is the key word in each such name. Such actions and activities of the defendants constitute unfair competition.

39. The signs used and erected in Allegheny County, and elsewhere in Pennsylvania, by the defendants in advertising their facilities are confusingly similar to those used by the plaintiff in that both the defendants' and the plaintiff Eugene W. Zimmerman's signs depart from the use of conventional block letters and in that they both deviate from the norm, are similar.

40. The advertising plan, program and activities, in Allegheny County, and elsewhere in Pennsylvania, of the defendants are such as to add to the confusion

that will naturally exist with the placing of Holiday Inn motor hotels in the same competitive market area as plaintiff Eugene W. Zimmerman's Holiday motor hotels or motels.

41. Defendants are fully aware of the confusion that has been and will be caused by the naming of their motor hotel or motel facilities "Holiday Inn" and have nevertheless used and are using said name in an attempt to mislead the public and capitalize on the good will and reputation established by the plaintiff Eugene W. Zimmerman in Central Pennsylvania and along and adjacent to the Pennsylvania Turnpike over a long period of years.

42. As a result of the conduct of all of the defendants herein, plaintiffs have been injured and damaged in the following manner:

(a) The secondary meaning acquired by plaintiffs in the name "Holiday" has been invaded, damaged, endangered and/or weakened;

(b) both the traveling and local public have been confused by the presence of motor hotels or motels using the name "Holiday" in the same competitive market area as plaintiff Eugene W. Zimmerman's Holiday motor hotels;

(c) a portion of plaintiff Eugene W. Zimmerman's normal and natural patronage has been diverted from plaintiff's motor hotels or motels by operation of defendants' system of chain reservations and interlocked advertising.

all of which has caused damage to all the plaintiffs and has especially caused plaintiff Eugene W. Zimmerman to suffer a loss in business and irreparable damage to established good will, and which damage cannot be calculated with certainty.

43. The continued use by the defendants of the name "Holiday" within plaintiff Eugene W. Zimmerman's competitive market area and the conduct by defendants of their business by means tending to mislead the public to believe they are dealing with plaintiff Eugene W. Zimmerman constitutes unfair competition, is contrary to law, and will cause immediate, continuing and irreparable damage to plaintiff Eugene W. Zimmerman in that it will cause plaintiff Eugene W. Zimmerman further loss of business and damage to established good will, neither of which elements of damage can be calculated with certainty, and all of which injuries and damage will continue until such time as defendants are enjoined from using the name "Holiday" in connection with motor hotel or motel facilities located within plaintiff's competitive market area.

WHEREFORE, plaintiffs demand:

(1) That the defendants, and each of them, together with their servants, agents and employees, be permanently enjoined from using and displaying to the public, lodging, dining and/or meeting facilities making use of the word "Holiday" or any other name similar thereto in central Pennsylvania and along the Pennsylvania Turnpike and portions of major traffic arteries leading thereto.

(2) That the defendants, and each of them, together with their servants, agents and employees be permanently enjoined from using any signs in connection with motor hotels or motels located within the competitive market area of plaintiff Eugene W. Zimmerman, whether on the premises or elsewhere, containing the word "Holiday" or a word similar thereto and from using china, linen, silverware, placemats and items of that nature containing thereon the word "Holiday", or any word similar thereto, and from distributing literature, matches and similar items, containing thereon the word "Holiday" or a word similar thereto, which might be associated with motor hotels or motels being operated by any of the defendants within plaintiff Eugene W. Zimmerman's competitive market area.

(3) That defendant Holiday Inns of America, Inc. its servants, agents and employees, be permanently enjoined from operating any motor hotel or motel designated by the word "Holiday" or any other word similar thereto within plaintiff Eugene W. Zimmerman's competitive market area and from licensing, franchising or otherwise authorizing any other entity or person to construct and/or operate a motor hotel or motel designated by the word "Holiday" or by any other word similar thereto in Central Pennsylvania or along the Pennsylvania Turnpike or portions of major traffic arteries leading thereto.

(4) That the defendants, and each of them, together with their servants, agents and employees, be

Saturday Evening Post, Holiday, Time, U. S. News and World Report, Readers Digest and others.

6) As a result of Defendant's extensive use of the serivce marks "Holiday Inn" and "Holiday Inn of America" and advertising and promotional efforts and its large patronage, said service marks have become well known and well established, thus identifying Defendant's motel services in Pennsylvania and throughout the United States, and have become distinctive of Defendant's national system of motels and, thus have acquired a secondary meaning in Pennsylvania and throughout the United States, therefore representing substantial goodwill which is invaluable to the Defendant.

7) Defendant upon information and belief alleges that the Plaintiff, having full knowledge of the Defendant's extensive and continuous use of the service marks "Holiday Inn" and "Holiday Inn of America", deliberately and willfully is proceeding with the construction of a motel or hotel to be located in downtown Harrisburg, Pennsylvania at 2nd and Chestnut Streets, which will both trade under and be known as Holiday Inn Town, or Holiday Inntown and that on said premises a sign will appear containing said trade name and service marks Holiday Inn Town or Holiday Inntown. The construction of this motel has been widely publicized in various local Harrisburg newspapers and also in national motel trade journals. The sign configuration of the service mark Holiday Inn Town or Holiday Inntown to be

to continue to use said names displayed in a manner similar to Defendant's distinctive script configuration for motel or hotel services and other related services, and such intention is made known in the Complaint herein.

11) Plaintiff's use of the name Holiday Inn Town or Holiday Inntown in connection with the offering for sale, sale and advertising of motel or hotel services substantially affects and interferes with and infringes upon the Defendant's service mark "Holiday Inn" and "Holiday Inn of America" and unfairly competes with Defendant's business of furnishing motel and restaurant services and facilities and will cause or is likely to cause confusion or mistake or deception of the purchasing public.

12) Plaintiff's acts of infringement and unfair competition heretofore alleged will damage the reputation and goodwill of the Defendant, and will unjustly enrich the Plaintiff and will deprive Defendant of motel patronage to which the Defendant is entitled. Defendant is without an adequate remedy at law and will be irreparably damaged unless Plaintiff is restrained and enjoined from the acts heretofore set forth.

COUNT II

1. The Defendant repeats each and every allegation of paragraphs 1-6 of Count I of the Counterclaim.

2. The Plaintiff through the Complaint herein has alleged that it is the owner of certain Holiday

5. That this Court enter a decree holding that the Plaintiff has infringed the Defendant's service marks "Holiday Inn" and "Holiday Inn of America" by use of Holiday Inn Town or Holiday Inntown as a trade name and service mark in connection with the advertising, offering for sale and sale of motel services.

6. That this Court enter a decree holding that the use by the Plaintiff of the names Holiday Inn Town or Holiday Inntown and variations thereof for motel services is calculated to and will mislead the public into believing that the Plaintiff is connected or affiliated with Defendant and such acts constitute unfair competition with Defendant.

7. That this Court enter a decree perpetually enjoining the Plaintiff from using the name Holiday Inn Town or Holiday Inntown or any colorable imitation thereof in connection with the sale offering for sale or advertising of motel services.

8. That this Court enter a decree perpetually enjoining the Plaintiff from using signs, color schemes and other means of identification that are deceptively similar to the distictive signs, color schemes and means of identification used by the Defendant in its business.

9. That the Defendant be awarded the recovery of Plaintiff's profits derived from the sale of motel services under the name Holiday Inn Town or Holiday Inntown and all damages suffered by Defendant because of the acts of infringement and unfair competition as heretofore complained of and set forth.

Defendants' Statement of Facts and Questions of Law to be Argued Before the Court *En Banc.*

(Filed June 20, 1968.)

FACTS.

Plaintiffs, Eugene W. Zimmerman and his several corporations, hereinafter collectively called "Zimmerman" seek to enjoin defendants, Holiday Inns of America and certain of its licensees from using the service mark "Holiday Inn" in furnishing motel, hotel and restaurant services in an area extending along substantially the entire length of the Pennsylvania Turnpike. Defendants filed a counterclaim to halt Zimmerman's infringement of its trademark by his use of the name Holiday Inn Town for his downtown Harrisburg motel.

On May 9, 1968, after trial, Judge Walter P. Smart rendered his decision dismissing plaintiffs' complaint and defendants' counterclaim. Defendants have filed exceptions under Rule 1518 P. R. C. P., to that portion of the Decree *Nisi* dismissing its Counterclaim, to certain of the Findings of Fact and Conclusions of Law of the Court, and to the Court's failure and refusal to find certain facts and make conclusions of law substantially as requested by defendants.

Defendants' Statement of Facts and Questions of Law to be Argued Before the Court En Banc.

LEGAL ISSUES.

(1) The Court's summary dismissal of defendants' counterclaim is error: Zimmerman has infringed defendants' common law and Federally registered service mark "Holiday Inn" as well as competed unfairly with them.

To prove infringement of a trademark or service mark, it is necessary for one to show paramount rights in the mark and trespass by another upon those rights by adoption of a mark so similar that it is likely to confuse the purchasing public. *Thomson-Porcelite Co. v. Harad* (1947) 356 Pa. 121. Paramount or superior rights are established by prior use of the mark in connection with one's goods or services. *Hanover Milling Company v. Metcalf* (1916) 240 U. S. 403, 415. Where intentional appropriation of a mark is shown, it is not necessary that the prior user prove that his mark has a secondary meaning. *Travelodge Corporation v. Siragusa* (D. C. Ala., 1964) 228 F. Supp. 238. This is such a case.

Assuming that Zimmerman has a limited right in the Harrisburg, Pennsylvania area, it is confined to the word Holiday, not "Holiday Inn". To extend Zimmerman's right by a "key word" theory (as the Chancellor has done) is contrary to established law. *Kool-Vent Metal Awning Corp. v. Price* (1951) 368 Pa. 528.

Moreover, infringement and unfair competition are not avoided by the mere addition of a word (*i.e.*, "town") to the prior user's trademark or service mark where the latecomer has used the dominant and significant part of the mark. *Little Tavern Shops, Inc. v. Davis* (4 Cir., 1941) 116 F. 2d 903. Nor is disclaimer in the United States Patent Office of a descriptive word, for purposes of a Federal Registration of a composite mark, an abandonment of rights in the mark; it is merely a disclaimer of a particular word *apart from the mark. Beckworth v. Commr. of Patents* (1920) 252 U. S. 538.

It is submitted that the proofs here show defendants have superior rights in the service mark "Holiday Inn" and that Zimmerman, with knowledge of these rights, did adopt and use "Holiday Inn" as the dominant feature of his motel "Holiday Inn Town". Zimmerman's actions were willful, deliberate and in reckless disregard of defendants' rights.

Even assuming that the Chancellor properly concluded and this Court finds Zimmerman free from willful and deliberate conduct, defendant Holiday Inns of America and its co-defendant licensees are legally entitled to relief on their counterclaim based upon defendants' Federally registered service mark "Holiday Inn".

In determining infringement of a Federally registered trade or service mark in the hands of a prior user, there is no question of intent presented;

mere adoption of a mark which is confusingly similar to the registered mark is sufficient. Section 22 of the Lanham Trade Mark Act (15 USC § 1072); *Quality Courts United, Inc. v. Quality Courts, Inc.* (M. D. Pa., 1956) 140 F. Supp. 341. Specifically, this Court, by Judge Fiok, recently granted summary judgment in favor of one of the defendant licensees here holding that the owner of the Federal registration has rights superior to *all* subsequent users. A copy of Judge Fiok's decision in *Holiday House v. Apico Inns of Pittsburgh,* No. 3603, July Term, 1966 is appended hereto.

Thus, we submit that Zimmerman has infringed defendants' paramount rights by his adoption and use of the name Holiday Inn Town, and that the Chancellor should have granted defendants' prayer for relief on their counterclaim.

(2) The testimony at trial of plaintiffs' "so called" public witnesses was legally insufficient to establish secondary meaning in favor of Zimmerman *anywhere.*

Secondary meaning is that special meaning which an otherwise descriptive, geographical, or commonly used word acquires when the public associates it with a single sources of a product or service. *Jessar Manufacturing Corporation v. Berlin* (1955) 380 Pa. 453; *Quaker State Oil Refining Company v. Steinberg, et al.* (1937) 325 Pa. 275. Its existence is determined by the effect of the mark on the public generally. *Kool-Vent*

Metal Awning Corp. v. Price, supra. A plaintiff has a very heavy burden of proof to sustain where he seeks to show secondary meaning in a common word. *Norwich Pharmacal Company v. Sterling Drug, Inc.* (2 Cir., 1959) 271 F. 2d 569; 150 A. L. R. 1078.

Survey evidence is sometimes used to prove secondary meaning. *Pittsburgh Brewing Co. v. Duquesne Brewing Co.* (C. P. Allegheny County, 1963) 111 P. L. J. 351. Such evidence is subject to careful scrutiny to determine whether it is accurately representative of the general public, whether it is unbiased and not slanted. *Premier-Pabst Corporation v. Elm City Brewing Co.* (D. C. Conn., 1935) 9 F. Supp. 754; *Zippo Manufacturing Company v. Rogers Imports, Inc.* (S. D. N. Y., 1963) 216 F. Supp. 670, 684. The value of the survey depends on the manner in which it was conducted. *Rhodes Pharmacal Co. v. Federal Trade Commission* (7 Cir., 1953) 208 F. 2d 382.

The proofs here generally show that Zimmerman's "survey" of his public witnesses was not scientifically conducted [contrast the survey in *Pittsburgh Brewing Co., supra*]. Zimmerman's survey was deficient as to witness selection techniques, questioning techniques, and complete absence of testimony from those who conducted it. Accordingly, the survey here is not a proper legal foundation for the Chancellor's conclusion (Conclusion of Law No. 4) that Zimmerman has established a secondary meaning in the word Holiday in the Harrisburg area. In view of the funda-

mental untrustworthiness of the Zimmerman survey, the Chancellor should have disregarded it entirely.

Respectfully submitted,

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ACKNOWLEDGMENT OF SERVICE.

Service and receipt of two copies of the foregoing "Defendants' Statement of Facts and Questions of Law to be Argued Before the Court *En Banc*" are hereby acknowledged this 20th day of June, 1968.

ROSE, SCHMIDT AND DIXON,
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day Inn" in Pennsylvania. Such efforts and acts comprised forming corporations and registering fictitious names which included in combination the words "holiday" and "inn" and variations thereof; purchase of the right to use the name "Holiday Inn, Inc."; changing the name of plaintiffs' Motel Harrisburg to "Holiday East"; changing the name of plaintiffs' Holiday Motor Hotel to "Holiday West"; and the adoption and use of "Holiday Inn" as a dominant feature of the name of the plaintiffs' downtown Harrisburg motel.

9. The unclean hands and unfair competition of the plaintiffs preclude and bar them from any and all equitable relief.

10. The defendant, "Holiday Inns of America, Inc." is the owner of the following United States service mark registrations issued by the United States Patent Office on the respective dates set forth below, all of which are valid, presently subsisting, uncancelled and not abandoned.

Service Mark	*Reg. No.*	*Date of Registration*
"Holiday Inn" (P. Ex. 292)	592,539	July 13, 1954
"Holiday Inn" (P. Ex. 293)	592,540	July 13, 1954
"Holiday Inn" and Design (P. Ex. 294)	592,541	July 13, 1954

Defendants' Proposed Conclusions of Law.

11. In 1962, the plaintiffs filed for and obtained Pennsylvania service mark registrations Nos. 3-1-62.28733 for "Holiday Inn Town" and 3-1-62.28735 for "Holiday Inntown". These Pennsylvania service mark registrations of the plaintiffs are likely to cause confusion or mistake or to deceive or are similar to the service mark registrations of the defendant, Holiday Inns of America, Inc., registered by the United States Patent Office prior to the filing dates of the applications upon which the Pennsylvania registrations issued.

12. In view of the rights of the defendants in the service mark "Holiday Inn" and pursuant to Pennsylvania Statutes, Title 73, Trade & Commerce, Sec. 20, the Secretary of the Commonwealth shall cancel from the register plaintiffs' Pennsylvania service mark registrations Nos. 3-1-62.28733 and 3-1-62.28735.

13. Since the adoption and use of "Holiday Inn" by the plaintiffs was a deliberate and willful attempt to trade upon the good will and advertising of the defendants, to palm off and pass off plaintiffs' services as those of the defendants and to deceive, defraud and mislead the public, defendants need not prove secondary meaning in "Holiday Inn" to enjoin the plaintiffs from using "Holiday Inn".

14. The plaintiffs, their employees, agents, representatives, successors, assigns and any and all persons or parties in privity therewith, are permanently enjoined and prohibited from any and all use of the words "inn" or "in" or any colorable imitation there-

F. Defendants Should Prevail in Their Counterclaim and Zimmerman Should be Enjoined from Further Use of the Word "INN".

1. Zimmerman Has Committed Acts of Service Mark Infringement and Unfair Competition.

The acts of Plaintiffs which constitute service mark infringement and unfair competition[10] have been

[10] Trademark infringement is but one aspect of the broader field of unfair competition. In *Hanover Star Milling v. Metcalf*, 240 U. S. 403; 601 L. Ed. 713 (1916), at page 718, the Court said:

". . . In fact, the common law of trademarks is but a part of the broader law of unfair competition. (Citing cases) . . ."

See: *Stork Restaurant v. Sahati*, 166 F. 2d 348 (9 Cir., 1948); *Phillips v. Governor & Co. of Adventurers of England Trading into Hudson's Bay*, 79 F. 2d 971 (9 Cir., 1935); *National Lead Company v. Wolfe*, 223 F. 2d 195 (9 Cir., 1955); *cert. den.* 350 U. S. 883; 100 L. Ed. 778.

Further, facts supporting a suit for trademark infringement and one for unfair competition are substantially identical. This was so stated in *Armstrong Paint & Varnish Works v. Nu-Enamel Corp.*, 305 U. S. 315; 83 L. Ed. 195 (1938), wherein at page 201 it was said:

". . . The facts supporting a suit for infringement and one for unfair competition are substantially the same. They constitute and

(Footnote continued on following page)

previously discussed herein in Section B hereof. Such unconscionable conduct clearly justifies the issuance of an injunction against Plaintiffs' further use of the word "INN" as part of the name of their downtown motel.

Zimmerman had knowledge since early 1964 that the Defendants used the mark "HOLIDAY INN" in connection with motel and restaurant services. He blatently disregarded the right of Defendants in "HOLIDAY INN" and used "HOLIDAY INN" as the dominant portion of the name of his downtown motel. Since 1960, he actively and continuously promoted, publicized and advertised his downtown motel as "HOLIDAY INN TOWN." In so doing, Plaintiffs flouted the accepted and recognized principles of fair trade. By this, Zimmerman has been able to capitalize on the national image of the Defendants. Zimmerman should not be allowed to succeed in his scheme of causing confusion, mistake or deception.

Moreover, any argument to indicate that the word "TOWN" is sufficient to distinguish between Plaintiffs' and Defendants' marks can be completely discounted in view of the case law. In the case of *Northern Metal Co. v. Maier*, 337 Pa. 257 (1940), the plain-

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(Footnote continued from preceding page)

mike plain the wrong complained of, the violation of the right to exclusive use."

Likelihood of confusion, mistake or deception of the source or origin of goods or services is the test for infringement and unfair competition. Such was expressed in the early cases of *McLean v. Fleming*, 96 U. S. 245 (1878) and *Amoskeag Mfg. Co. v. David Trainer*, 101 U. S. 51 (1880). This test was codified in both the Federal (15 U. S. C. 1114(1)) and Pennsylvania Statutes (Title 73, Chapt. 1, Section 23). These statutes are essentially identical.

tiff used the trade name "NORTHERN METAL COMPANY," and the defendant used the trade name "GREAT NORTHERN METAL CO." The Pennsylvania Supreme Court restrained the defendant from using "Great Northern Metal Co." and in its opinion said:

> "This appeal is from a decree restraining defendant from trading under the name 'Great Northern Metal Co.' or any other name deceptively similar to plaintiff's trade name 'Northren Metal Company.' The evidence supports the findings of fact made by the learned chancellor, approved by the court *in banc*; the decree must therefore be affirmed. See, generally, *Geffen v. Baltimore Markets, Inc.*, 325 Pa. 509, at page 515, 191 A. 24; Restatement, Torts, sections 715, 717, 727 *et seq.* . . ."

In 1948, the Pennsylvania Supreme Court considered a similar situation in which the defendant added words to the plaintiff's trade name, and again, it enjoined the defendant from such practice. The Court in *American Oil Company v. Norkus et al.*, 358 Pa. 407 (1948), said:

> "Defendants appeal from a decree enjoining them from continuing certain unfair trade practices. The plaintiff, American Oil Company, is a Maryland Corporation that has been doing business in Pennsylvania since 1922 and in and about Philadelphia since 1925. It is engaged, *inter alia*, in selling gasoline, motor oil, furnace oil and petro-

leum products in every state on the Atlantic seaboard and spends large sums in advertising. Since May, 1945, it has also been engaged in Philadelphia in servicing oil burners.

"In November, 1945, the defendants began doing business in Philadelphia as the 'American Oil Burner Service.' The evidence supports the findings of fact made by the learned chancellor, which, having been approved by the court *in banc*, have the effect of the verdict of a jury. Among these findings were the following: '4. By reason of the extensive business of and advertising by the plaintiff, the words "American" and "American Oil" in the petroleum field have for many years come to signify in the mind of the public the business and products of the plaintiff. . .

"'10. Some time in March, 1946, the defendant John J. Norkus, acting on behalf of both defendants, contacted the plaintiff company and unsuccessfully sought to make an arrangement with it to handle plaintiff's oil burner service business.

"'11. Defendants adopted the fictitious name "American Oil Burner Service" with knowledge of its similarity to that of the plaintiff's corporate name "American Oil Company", and with the intent to cause confusion in the mind of the public, and appropriate to themselves some of the good will and trade of the plaintiff company.

"'12. By reason of the similarity of the names "American Oil Company" and "American

Oil Burner Service" there will be a tendency to deceive and confuse the public mind.' • • •

"The case is clear and is ruled by *Thomson-Porcelite Co. v. Harad*, 356 Pa. 121, 123, 51 A. 2d 605; *Hartman v. Cohn*, 350 Pa. 41, 38 A. 2d 22; *Northern Metal Co. v. Maier*, 337 Pa. 257, 11 A. 2d 140; *Quaker State Oil Refining Co. v. Steinberg*, 325 Pa. 273, 278 *et seq.*, 189 A. 473; *Consol. Home Spec. Co. v. Plotkin*, 358 Pa. 14; *American Clay Mfg. Co. v. American Clay Mfg. Co.*, 198 Pa. 189, 47 A. 936. See, also, Restatement, Torts: sections 711 *et seq.*; Callman: Unfair Competition Without Competition, 95 U. of Pa. Law Rev. 443 (1947)."

The case of *Little Tavern Shops Inc. v. Davis*, 116 F. 2d 903 (4 Cir., 1941), involved use of the trade name "LITTLE TAVERN" by the plaintiff in carrying on a food and beverage business, and of the trade name "HUBBARD'S LITTLE TAVERN LIQUORS" for the same kind of business. In granting the plaintiff an injunction which restrained the defendant from use of "LITTLE TAVERN" the court said:

"The question then arises as to whether there has been such an appropriation of the plaintiff's trade name as to entitle it to relief. The rule is that a person's trade name is infringed when another uses the identical or a confusingly similar trade name as the designation of his business, even though he does not use it for purposes of deception. It is sufficient if the natural and probable

consequence of his acts is to pass off his business as that of the plaintiff. See the cases above cited and Queen Mfg. Co. v. Isaac Ginsberg & Bros., 8 Cir., 25 F. 2d 284; S. S. Kresge Co. v. Winget Kickernick Co., 8 Cir., 95 F. 2d 978; Restatement of Torts, §§ 717, 728.

"In our opinion, the defendant has made such use of the significant words 'Little Tavern' in the plaintiff's name. The evidence tending to show that the words have come to indicate the plaintiff's business also shows that members of the public are likely to be mislead and have actually mistaken defendant's establishment for one of the plaintiff's. This is sufficient to indicate the existence of the fundamental evil which the law of trade marks and of unfair competition is designed to remedy. *It is no answer to point out that the defendant's name is not identical with that of the plaintiff*. The only differentiation is the addition upon the defendant's sign of the word 'Hubbard's' in much smaller and less conspicuous letters than the words 'Little Tavern'. The insufficiency of this alteration has been proved by the evidence; and it has been well said that the mere use of one's own name in connection with the trade name or trade mark of another is not alone sufficient to obviate misappropriation, when sufficient similarity, resulting in unfair competition remains. *Indeed the addition of the defendant's name may merely aggravate the wrong, since it may give the defendant the benefit of the plaintiff's reputa-*

tion. Menendez v. Holt, 128 U. S. 514, 9 S. Ct. 143, 32 L. Ed. 526; Jacobs v. Beecham, 221 U. S. 263, 31 S. Ct. 555, 55 L. Ed. 729; Shaver v. Heller & Merz Co., 8 Cir., 108 F. 821, 65 L. R. A. 878." (Emphasis ours)

See also: *Sears, Roebuck and Co. v. Johnson*, 219 F. 2d 590 (3 Cir., 1955), which involved the marks "ALLSTATE/ALL-STATE DRIVING SCHOOL;" *R. H. Macy & Co. v. Macy's Drug Store*, 84 F. 2d 387 (3 Cir., 1936), which involved the marks "MACY'S/ MACY'S DRUG STORE;" *Triangle Publications v. Rohrlich*, 167 F. 2d 969 (2 Cir., 1948) which involved the marks "SEVENTEEN/MISS SEVENTEEN;" *Triangle Publications, Inc. v. Standard Plastic Products*, 241 F. Supp. 613 (E. D. Pa., 1965), which involved the marks "SEVENTEEN/MISS SEVENTEEN;" *Brooks Bros. v. Brooks Clothing of California*, 60 F. Supp. 442, *aff'd.* 158 F. 2d 798 (9 Cir., 1947), which involved the marks "BROOKS BROTHERS"/ "BROOKS CLOTHING OF CALIFORNIA;" *Villager, Inc. v. Dial Shoe Co.*, 256 F. Supp. 694 (E. D., Pa., 1966), which involved the marks "VILLAGER"/ "MISS VILLAGER."

Zimmerman will no doubt contend that the use of "INN" immediately after "HOLIDAY" is a natural and logical development of the prior use of "HOLIDAY EAST" and "HOLIDAY WEST." This taxes credulity. Since he had earlier used "EAST" and "WEST" to indicate location, the logical, natural adverb would have been "NORTH." Out of all the other geographical terms, such as "north," "downtown,"

"midtown," "midcity," "central," and so forth, which could have been selected to identify the location of his multirise motel in downtown Harrisburg, Zimmerman chose "INN" and thereby convincingly demonstrated that his unfair competition has been intentional and deliberate. In *Fleischmann Distilling Corp. v. Maier Brewing Company*, 314 F. 2d 149 (9 Cir., 1963), the Court made the following comment at page 158:

> "Furthermore, Maier knew, just as we do, that it had open to it a whole dictionary full of words, an encyclopedia full of proper names, and a world atlas full of place names from which to select a non-offending label. • • •"

See also: *Stork Restaurant, Inc. v. Sahati*, 166 F. 2d 348 (9 Cir., 1948).

In addition, Zimmerman's claim that he has a right to use "HOLIDAY INN" is barred by the fact that he is a knowing junior user. In this regard, the case of *Pike v. Ruby Foo's Den, Inc.*, 232 F. 2d 683 (D. C. Cir., 1956) is particularly applicable. The Court said at page 686:

> "*The Federal cases are virtually unanimous against a knowing junior user.* See, for example, Food Fair Stores, Inc. v. Food Fair, Inc., 1 Cir., 1949, 177 F. 2d 177; Stork Restaurant, Inc., v. Sahati, 9 Cir., 1948, 166 F. 2d 348; White Tower System, Inc., v. White Castle System, 6 Cir., 1937, 90 F. 2d 67; Buckspan v. Hudson's Bay Co., 5 Cir., 1927, 22 F. 2d 721, certiorari denied, 1928, 276 U. S. 628, 48 S. Ct. 321, 72 L. Ed. 739; Sweet Six-

teen Co. v. Sweet '16' Shop, Inc., 8 Cir., 1926, 15 F. 2d 920. Although all of these cases involve at least minor contacts by the senior user with the locale in which the junior user is doing business, so that knowing junior use is not the sole factor present, at least one commentator has concluded that 'the presence of notice is the determinative factor, usually sufficient in itself to bar the second user's claim.' Developments in the Law—Trade Marks and Unfair Competition, 68 Harv. L. Rev. 814, 858 (1955). * * *" (Emphasis ours)

Similarly, the Court said in the recent case of *Tisch Hotels, Inc. v. Americana Inn, Inc.*, 350 F. 2d 609 (7 Cir., 1965), in footnote 6 (p. 614):

"*Federal court cases, whether based on trademark infringement, unfair competition, or state anti-dilution statutes, and involving hotels, motels or restaurants with the same or similar names have been practically unanimous in awarding injunctive relief to the prior user of the name who has established a national or widespread reputation for the name, even though the establishments are separated geographically and not in competition.* Thompson v. Alpine Motor Lodge, Inc., 286 F. 2d 497 (5th Cir., 1961), 324 F. 2d 374 (5th Cir., 1963); Lincoln Restaurant Corp. v. Wolfies Rest., Inc., 291 F. 2d 302 (2d Cir.) cert. denied 368 U. S. 889, 82 S. Ct. 143, 7 L. Ed. 2d 88 (1961); Ambassador East, Inc. v. Orsatti, Inc., 257 F. 2d 79 (3rd Cir., 1958); Pike v. Ruby Foo's Den, Inc., 98 U. S. App. D. C. 126, 232 F. 2d 683 (1956); Stork Res-

taurant, Inc. v. Sahati, 186 F. 2d 362 (9th Cir., 1948); White Tower System, Inc. v. White Castle System, 90 F. 2d 67 (6th Cir., 1937); Travelodge Corp. v. Siragusa, 226 F. Supp. 238 (N. D. Ala., 1964); HMH Publishing Co. v. Turner, 222 F. Supp. 145 (N. D. Ga., 1963); Nagrom Corp. v. Cock 'N Bull, Inc., 149 F. Supp. 217 (D. D. C., 1957); Ambassador East, Inc. v. Shelton Corners, Inc., 120 F. Supp. 551 (S. D. N. Y., 1954); Brass Rail, Inc. v. Ye Brass Rail of Massachusetts, Inc., 43 F. Supp. 671 (D. Mass., 1938); Stork Restaurant, Inc. v. Marcus, 36 F. Supp. 90 (E. D. Pa., 1941); contra, El Chico, Inc. v. El Chico Cafe, 214 F. 2d 721 (5th Cir., 1954); New Yorker Hotel Corp. v. Punteri, 87 F. Supp. 294 (W. D. Mo., 1949)." (Emphasis ours)

In view of Zimmerman's intent to confuse and deceive, the case of *National Ass'n. of Blue Shield Pl. v. United Bankers L. Ins. Co.*, 362 F. 2d 374 (5 Cir., 1966) is particularly appropriate. This case involved the mark "BLUE SHIELD" and the marks "RED SHIELD" and "APPROVED RED SHIELD" and "SHIELD Symbol." The Court of Appeals for the Fifth Circuit held that there was an intention to confuse and deceive the public, and thus found likelihood of confusion. A pertinent quote from pages 377 and 378 is as follows:

"The district court made no finding on the questions of intent on the part of United Bankers to confuse and deceive the public, but the evidence

would require a finding of such an intent. Indeed it seems clear from the similarity of the marks and the conduct outlined above that the purpose of United Bankers was to use marks as close as possible to those of the National Association, so as to appropriate the good will and good name of the blue shield, while maintaining just sufficient a distinction between the marks to confuse, if possible, both the public and the courts. Where such a purpose appears, the courts will follow the alleged infringers' judgment and find a likelihood of confusion. Tisch Hotels, Inc. v. Americana Inn, Inc., 7th Cir. 1965, 350 F. 2d 609, 613; Fleischmann Distilling Corp. v. Maier Brewing Co., 9th Cir. 1963, 314 F. 2d 149, 158, cert. den. 374 U. S. 830, 83 S. Ct. 1870, 10 L. Ed. 2d 1063; Baker v. Simmons Co., 1st Cir. 1962, 307 F. 2d 458, 465; National Van Lines v. Dean, 9th Cir., 1956, 237 F. 2d 688, 692; American Chicle Co. v. Topps Chewing Gum, Inc., 2nd Cir. 1953, 208 F. 2d 560; Miles Shoes, Inc., v. R. H. Macy & Co., 2nd Cir. 1952, 199 F. 2d 602, cert. den., 345 U. S. 909, 73 S. Ct. 650, 97 L. Ed. 1345; Northam Warren Corp. v. Universal Cosmetic Co., 7th Cir. 1927, 18 F. 2d 774.

"This is the view taken in the Restatement of Torts, Restatement, Torts § 729(b), and comment f(1938), and substantially followed in the tentative draft of the Restatement Second, Restatement, Second, Torts, § 729(b), and comment i (Tent. Draft No. 8, 1963). We quote from the latter source:

> If he adopts his designation with the intent of deriving benefit from the reputation of the other, however, his intent may be sufficient to justify the inference that confusion is likely. Since he was and is intimately concerned with the probable reaction of prospective purchasers in the market, his judgment manifested prior to the controversy is highly persuasive. His denial that his conduct will achieve the result intended by him will ordinarily carry little weight.

"This principle of law has been well expressed by this Court in Aetna Casualty & Surety Co. v. Aetna Auto Finance, Inc., 5th Cir. 1941, 123 F. 2d 582, cert. den., 315 U. S. 824, 62 S. Ct. 917, 86 L. Ed. 1220 (1942), where it said:

> But more significant and important than the fact that this is so, (that the parties were in competition to a degree) is the purpose evidenced by the choice, by this new comer into the field * * *, of name and advertising matter. This purpose is to project itself into that business arena panoplied in a name already favorably known, rather than to come into it on its own merits, and slowly building, here a little, there a little, establish its own place. * * * [W]here as here it plainly appears that there is a purpose to reap where one has not sown, to gather where one has not planted, to build upon the work and reputation of another, the use of the advertising

or trade name or distinguishing mark of another, is in its nature, fraudulent and will be enjoined."

It is believed that Zimmerman will contend that the Defendants are not entitled to relief on the counterclaim because they made no showing of secondary meaning. Such a position is without merit, for Zimmerman's willful and fraudulent intent to trade upon Defendants' good will relieves them of their obligation of proving secondary meaning. This point was stressed in the case of *Golden Slipper Square Club v. Golden Slipper Restaurant and Catering, Inc.*, 371 Pa. 92 (1952), at page 96:

"While it is a well established principle that 'Descriptive, geographical and generic words, as well as words of common or general usage belong to the public and are not capable of exclusive appropriation by anyone'; it is equally well established that a name or label or symbol or trademark or other words may acquire a special or so-called secondary meaning and where that has occurred the Courts will protect it against infringement: *KoolVent v. Price*, 368 Pa., *supra*. *While actual intent to deceive or defraud is not indispensable, it is an important factor to be taken into consideration and if the evidence shows as here that the name and symbol and the conduct or practices of the defendant actually confused and deceived and were adopted by defendant with an unfair and fraudulent intent to acquire some of its business by deceitfully appearing to be a part of or*

***connected with the plaintiff, that is sufficient to warrant relief: American Clay Manufacturing Co. v. American Clay Manufacturing Co.*, 198 Pa. 189, 47 A. 936; *KoolVent v. Price*, 368 Pa., *supra*; *Stroehmann Brothers Co. v. Mambeck Baking Co.*, 331 Pa. 96, 200 A. 97; *Thomson-Porcelite Co. v. Harold*, 356 Pa. 121, 51 A. 2d 605."** (Emphasis ours)

The following quote from the case of *Travelodge Corporation v. Siragusa*, 228 F. Supp. 238 (N. D., Ala., 1964) *aff'd.* 352 F. 2d 516 (5 Cir., 1965), is also pertinent:

> "While the courts in some of the trademark cases lay emphasis upon the fact of an established secondary significance of plaintiff's mark in the area where defendant subsequently uses the mark, it will be noted, however, that in most, if not all, of these cases the junior user has unwittingly and unknowingly imitated plaintiff's mark. ***Where intentional appropriation is shown there is no requirement for the establishment of such secondary significance.*** Thus, in *Pike v. Ruby Foo's Den*, 98 U. S. App. D. C. 126, 232 F. 2d 683 (D. C. Cir., 1956), involving the use of the name by two restaurants, one in New York and one in Washington, D. C., the court found no secondary significance, but held that the knowledge of the junior user of the senior user's mark was sufficient predicate for enjoining such use. The court stated:

"The Federal cases are virtually unanimous against a knowing junior user. See, for example, Food Fair Stores, Inc. v. Food Fair, Inc., 1 Cir., 1949, 177 F. 2d 177; Stork Restaurant, Inc. v. Sahati, 9 Cir., 1948, 166 F. 2d 348; White Tower System, Inc., v. White Castle System, 6 Cir., 1937, 90 F. 2d 67; Buckspan v. Hudson's Bay Co., 5 Cir., 1927, 22 F. 2d 721, certiorari denied 1928, 276 U. S. 628, 48 S. Ct. 321, 72 L. Ed. 739; Sweet Sixteen Co. v. Sweet "16" Shop, Inc., 8 Cir., 1926, 15 F. 2d 920. Although all of these cases involve at least minor contracts by the senior user with the locale in which the junior user is doing business, so that knowing junior use is not the sole factor present, at least one commentator has concluded that "*the presence of notice is the determinative factor, usually sufficient in itself to bar the second user's claim.*" Developments in the Law—Trade Marks and Unfair Competition, 68 Harv. L. Rev. 814, 858 (1955). * * *" " [Emphasis ours]

See also: *Safeway Stores, Inc. v. Sklar*, 75 F. Supp. 98 (E. D. Pa.. 1947); *Pike v. Ruby Foo's Den, Inc.*, 232 F. 2d 683 (D. C. Cir., 1956).

Although it is not necessary for the Defendants to prove secondary meaning, it is interesting to note that other courts have found the mark "HOLIDAY INN" to have acquired a secondary meaning. In the case of *Holiday Inns of America, Inc. v. Mullen's Holiday Inn, Inc.*, 292 F. Supp. 755 (E. D. Calif., 1968) the court said at page 756:

"It is apparent from the exhibits that the name 'Holiday Inn' has acquired a secondary meaning throughout the United States."

Also, the case of *Holiday House, Inc. v. Apico Inns of Pittsburgh, Inc.*, 158 U. S. P. Q. 59 (C. P. Allegheny County, 1968) in which the plaintiff was the Holiday House Motel located at Monroeville, Pennsylvania and the defendant a licensee of Holiday Inns of America, Inc. The court made the following pertinent statement at footnote 3 on page 62:

"On the contrary, it may well be argued, although not considered or being essential for the determination of the issues here raised, that defendant's name has acquired a special or so called secondary meaning in the mind of the public."

See also: *Holiday Inns of America, Inc. v. B & B Corp.*, 409 F. 2d 614 (3 Cir., 1969).

2. Defendants Have Rights Superior to Plaintiffs by Reason of Registration Nos. 592,539, 592,540 and 592,541, Issued July 13, 1954.

Defendants' position herein is that they have rights superior to the Plaintiffs by reason of United States Patent Office Registration Nos. 592,539 (HOLIDAY INN) (E. 3515a-16a); 592,541 (HOLIDAY INN & DESIGN) (E. 3517a-18a). The Defendants' position is predicated on the fact that the said registrations issued on July 13, 1954, a date prior to Zimmerman's first use of the mark "HOLIDAY INN

TOWN." Zimmerman first used "HOLIDAY INN TOWN" in May, 1960.

Section 22 (15 U. S. C. 1072)[11] of the Trademark Act of 1946 established that a registration in the United States Patent Office upon the Principal Register bestows upon the owner and those claiming through the owner the right to immediately use the mark throughout the entire United States and the right to preclude subsequent users from using the mark. The intent of this Act was and is to give the registrant the opportunity to expand his business in a reasonable manner without interference by subsequent users. In most businesses it is impossible and/or impractical to have actual use throughout the entire United States at the time a registration issued from the Patent Office. The motel business is no exception.

This Section has been interpreted to mean that all parties who adopt and use a registered mark or a mark confusingly similar thereto after the issuance date are presumed before the law to be unlawful users. This gives the owner of the registration rights superior to all subsequent users, and the opportunity, if he so desires, to enjoin all subsequent users of the mark.

The court, in the case of *Quality Courts United v. Quality Courts*, 140 F. Supp. 341 (M. D., Pa., 1956),

[11] 15 U. S. C. 1072 states:
"Registration of a mark on the principal register provided by this Act or under the Act of March 3, 1881, or the Act of February 20, 1905, shall be constructive notice of the registrant's claim of ownership thereof."

commented upon the constructive notice feature of a Principal Register registration, saying at page 347, Note 5:

> "'The greatest single advantage of a principal registration is that it is constructive notice of the registrant's claim of ownership of the mark • • •.' Subsequent use of the mark by another '• • • is an unlawful use and cannot be justified by a claim of innocence, good faith or lack of knowledge.' '• • • a principal registration is *prima facie* evidence of ownership, validity of the registration and of the registrant's exclusive right to use the mark in commerce • • •.'"

Section 22 is also discussed in the case of *Sterling Brewing v. Cold Spring Brewing Corp.*, 100 F. Supp. 412 (D. Mass., 1951), stating at page 418:

> "With respect to this last-quoted section, the commentary on the Act by Daphne Robert, to be found in 15 U. S. C. A., introductory to Chapter 22, is illuminating. 'It should be noted that any use of a mark commencing after July 5, 1947 is not a lawful use if the same mark was previously registered by another under the Act of 1881 or the Act of 1905 and such other person continues to use it. This result obtains because on and after July 5, 1947 the registrations are constructive notice of ownership and a second user cannot claim that he adopted and used the mark in good faith and without knowledge of the prior

use. * * *' Page 272. Under the subtitle 'VII. Effect of Registration' it is stated: 'The greatest single advantage of a principal registration is that it is constructive notice of the registrant's claim of ownership of the mark. This means simply that so long as a mark remains on the principal register, everyone is charged with notice of the claim of ownership * * *. It means that such use is an unlawful use and cannot be justified by a claim of innocence, good faith or lack of knowledge. Its practical effect is to give *nation-wide effect* to a principal registration, providing notice to intrastate users as well as others, and thereby eliminating one of the weaknesses inherent in prior statutes.' The same author in the 'New Trade Mark Manual', 1947 sums up the situation as follows: '* * * This answers the question so often asked: "What does my registration give me?" Up to now, there was good reason for asking the question, and lawyers and judges were frequently hard put to find a satisfactory answer * * *. Its practical effect is to give nationwide coverage to a Federal registration * * *. (It provides a sense of security to the registrant by preserving for him the right to expand his market at a later date without fear of having had it usurped by a newcomer. The prior laws did not enlarge the common law, but the common law to this extent is now supplanted by the statute.' Pp. 129, 130."

The constructive notice feature of a Principal Register registration was also commented upon in the case of *Dawn Donut Company v. Hart's Food Stores, Inc.*, 267 F. 2d 358 (2 Cir., 1959), at pages 362 and 363:

> "But the Lanham Act, 15 U. S. C. A. § 1072, provides that registration of a trademark on the principal register is a constructive notice of the registrant's claim of ownership. Thus, by eliminating the defense of good faith and lack of knowledge, § 1072 affords nationwide protection to registered marks, regardless of the areas in which the registrant actually uses the mark. * * *" (Citing authorities)

Similarly, in the case of *John R. Thompson Co. v. Holloway*, 366 F. 2d 108 (5 Cir., 1966), the court discussed the constructive notice provision of 15 U. S. C. §1072, stating at page 115 as follows:

> "The Lanham Act, 15 U. S. C. § 1072, makes registration of a mark on the principal register constructive notice of the registrant's claim of ownership. By eliminating the defense of good faith and lack of knowledge on the part of a junior user, sections 1072 and 1115 afford a registrant nationwide protection for its registered marks, regardless of the geographic area in which the registrant actually uses his mark." (Citing authorities)

See also: *Holiday Inns of America, Inc. v. B & B Corporation*, 409 F. 2d 614 (3 Cir., 1969); *Holiday House Incorporated v. Apico Inns of Pittsburgh, Inc.*, 158 U.S.P.Q. 59 (C.P., Allegheny County, 1968); *Allington v. Holiday Inns of America, Inc.*, 156 U.S. P.Q. 278 (Idaho Dist. Ct., Ada. Cty., 1967); *Hot Shoppes, Inc. v. Hot Shoppe, Incorporated*, 203 F. Supp. 777 (M.D., N.C., 1962); *Travelodge Corporation v. Siragusa*, 228 F. Supp. 238 (N.D., Ala., 1964), *aff'd* 352 F. 2d 516 (5 Cir., 1965); *Villager, Inc. v. Dial Shoe Company*, 256 F. Supp. 694 (E.D., Pa., 1966); Robert, *Commentary on the Lanham Trademark Act*, 15 U.S.C.A., pp. 272, 280; Amdur, *Trademark Law and Practice* (1948), pp. 332, 333; Note, "Developments in the Law of Trade-Marks and Unfair Competition." 69 Harv. L. Rev., 814, 828, 859-861; Note, 100 U. Pa. L. Rev. 1075 (1952); and Note, 21 St. John's L. Rev. 209-221 (1947).

In view of the foregoing, it is clear that Defendants have rights superior to Plaintiffs in "HOLIDAY INN." Thus, the Plaintiffs should be enjoined from further use of the word "INN."

3. The Public Must be Protected Against Zimmerman's Acts of Service Mark Infringement and Unfair Competition.

Relief is granted in cases of infringement and unfair competition not only to protect the rights of the private litigants, but also to protect the public in their selection of goods and services. Since the services of

the respective parties are both sold to the traveling public under similar marketing and promotional means, the factor of public protection takes on great importance. The public has a right not to be misled by Zimmerman's unconscionable acts.

In the case of *J. N. Collins Co. v. F. M. Paist Co.*, 14 F. 2d 614 (E. D. Pa., 1926), the Court found that public was entitled to be protected from confusion, mistake and deception. The court said at pages 615-616:

> "The law has a threefold object in unfair competition cases: First, to protect the honest trader in business which fairly belongs to him; second, to punish the dishonest trader, who is taking his competitor's business away by unfair means; and, third, to protect the public from deception. It is so easy for the honest business man, who wishes to sell his goods upon their merits, to select from the entire material universe, which is before him, symbols, marks, and coverings which by no possibility can cause confusion between his goods and those of competitors, that the courts look with suspicion upon one who, in dressing his goods for the market, approaches so near to the dress of those of his business rival that the public may fail to distinguish between them. The law is not made for the protection of experts, but for the public—that vast multitude, which includes the ignorant, the unthinking and the credulous, who, in making

purchases, do not stop to analyze, but are governed by appearance and general impressions. • • •"

The Court of Appeals for the Second Circuit also commented on this proposition in the case of *Scandinavia Belting Co. v. Asbestos & Rubber Works*, 257 F. 937 (2 Cir., 1919). The Court said at pages 941 and 942:

> "But it is now and for many years has been well-established doctrine that the exclusive property of a proprietor of a trade-mark by virtue of the manufacture or offering for sale of his goods is entitled to the protection which the highest powers of the courts can afford. *And the power of the court in such cases is exercised, not only to do individual justice, but to safeguard the interests of the public by preventing one's passing off his goods as the goods of another.* The right of property in trade-marks has come to be recognized as of immense and incalculable value. *Trade-marks, it has been truthfully said, are the only means by which the manufacturer and the merchant are enabled to inspire and retain public confidence in the quality and integrity of things made and sold, and the only means by which the public is protected against the frauds and impositions of the crafty and designing who are always alert to appropriate to themselves the fruits of the reputation of others.*" [Emphasis ours]

The comment made by the Court in the case of *Esso, Inc. v. Standard Oil Co.*, 98 F. 2d 1 (8 Cir., 1938) is also pertinent. The Court said at page 5:

"It is the purpose of the law to protect not only the owner in his property, but to protect the public from being deceived by reason of a misleading claim that the article bearing the trade-mark is the article produced or manufactured by the owner of the trade-mark, when in fact it is not. No one has a right to represent his goods as the goods of some one else, and when a trade-mark is violated, the wrong consists in the sale of goods of one producer or manufacturer as those of another. * * *"

See also: *Fleischmann Distilling Corp. v. Maier Brewing Company*, 314 F. 2d 149 (9 Cir., 1963); *Stork Restaurant v. Sahati*, 166 F. 2d 348 (9 Cir., 1948); *Oriental Foods v. Chun King Sales, Inc.*, 244 F. 2d 909 (9 Cir., 1957); *Stahley, Inc. v. M. H. Jacobs Co., et al.*, 183 F. 2d 914 (7 Cir., 1950); *Champion Spark Plug Co. v. Champion*, 23 F. Supp. 638 (E. D. Mich., 1938); *Max Factor & Co. v. Factor*, 226 F. Supp. 120 (S. D., Cal. 1963).